

City of Gallatin, Tennessee
Comprehensive Annual Financial Report

June 30, 2009

Prepared by: City of Gallatin, Department of Finance
Rachel Nichols, Director of Finance

CITY OF GALLATIN, TENNESSEE
Comprehensive Annual Financial Report
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Introductory Section

CITY of GALLATIN

Tennessee 37066-3289



IN REPLY REFER TO:

March 23, 2010

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Gallatin:

State of Tennessee law requires that all general-purpose local governments publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Gallatin for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City of Gallatin. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Gallatin has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Gallatin's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Gallatin's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Gallatin's financial statements have been audited by Parker, Parker & Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Gallatin for the fiscal year ended June 30, 2009, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Gallatin's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in

conjunction with it. The City of Gallatin's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Gallatin, incorporated in 1593, is located in the middle part of Tennessee. The City of Gallatin currently occupies a land area of almost 31 square miles and serves a population of 27,569. The City of Gallatin is empowered to levy a property tax on both real and personal properties located within its boundaries. It is empowered also, by State statute, to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Gallatin has operated under the council-mayor form of government since 1953. Policy-making and legislative authority are vested in a governing council consisting of the mayor and seven council members. The governing council is responsible for passing ordinances, adopting the budget, appointing committees, and appointing the government's attorney and heads of departments. The mayor of the City of Gallatin is responsible for carrying out the policies and ordinances of the governing council and for overseeing the day-to-day operation of the government. The council is elected on a nonpartisan basis. Council members serve four-year staggered terms, with three or four council seats being up for election every other year.

The City of Gallatin provides a full range of services, including police and fire protection; construction and maintenance of streets, and other infrastructure; golf and recreational activities; and cultural events. Utilities are provided by the City's Gallatin Public Utilities (gas, water and sewer) and Gallatin's Department of Electricity. These comprise the proprietary funds. Other units of general government include environmental services, a drug fund, capital project funds (for development of parks, road, etc.), cemetery trust fund and educational loan fund.

The annual budget serves as a foundation for the City of Gallatin's financial planning and control. All agencies of the City of Gallatin are required to submit requests for appropriation to the Finance Director on or before March 15th each year. The Finance Director uses these requests as the starting point for developing a proposed budget. The Finance Director and Mayor then present a proposed budget to the council for review prior to June 1st. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Budget-to-date comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted by the council. For the general fund, this comparison is presented on page 19-24 as part of the basic financial statements for the governmental funds. For funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report. Also included are comparisons for the drug fund and environmental services fund.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Gallatin operates.

Local Economy. The City of Gallatin currently enjoys a relatively stable economic environment, and local indicators point to continued stability, even in the continued national downturn. A varied manufacturing and industrial base adds to the relative stability of the unemployment rate. Major industries in the area include: clothing distributor; general light manufacturing, automobile parts, homes and stone; commercial printing; local hospital; 5 major corporate headquarters; and local college. The City of Gallatin is within commuting distance to Nashville. Sumner County, which includes the City of Gallatin, employs a local labor force of 77,480 and a regional labor force of more than 750,000.

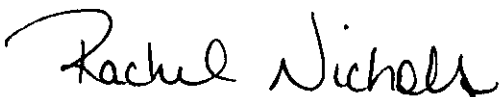
Long Term Financial Planning. The governing council has laid out a five year strategic plan to strengthen the city. The City of Gallatin continues the construction of a new service center with an estimated cost of \$2 million. Phase I of a revitalization and refurbishment plan for the downtown area is complete and Phase II is scheduled to begin. An extensive greenway project is well underway. The City continues to accrue funds for a new fire hall located in a recently annexed area on the northwest side. The City is developing a long range plan for solid waste disposal and a storm water drainage program. Major street projects continue with the reworking of Station Camp bridge and intersection at Nashville Pike and Cages Bend Road and plans for the extension of Albert Gallatin Blvd to Highway 109N.

Cash Management Practices. Cash temporarily idle during the year was invested mainly in Green Bank and the State's Local Government Investment Pool. The City maintains minimum balances in other local bank accounts to cover current expenditures and bond payments.

Risk Management. The City of Gallatin reduces its exposure by maintaining a worker's compensation insurance policy for all employees through Tennessee Municipal League. The safety committee requires post accident drug screens, reviews all accidents for weaknesses in safety, and conducts work site inspections. Likewise, the City maintains an insurance policy to cover all major incidents. The City maintains a rainy day fund of 20% of anticipated general fund operating expenditures. A two-thirds majority vote is required to expend any rainy day funds.

Pensions and Other Post Employment Benefits. The City of Gallatin offers a 401k retirement program to its employees. The City contributes 5% of the employees' salaries and matches up to an additional 4%. The plan is maintained by a third party and funded by the City on a timely basis. The City of Gallatin offers retiring employees a portion of their unused sick leave balance, depending on age and length of service.

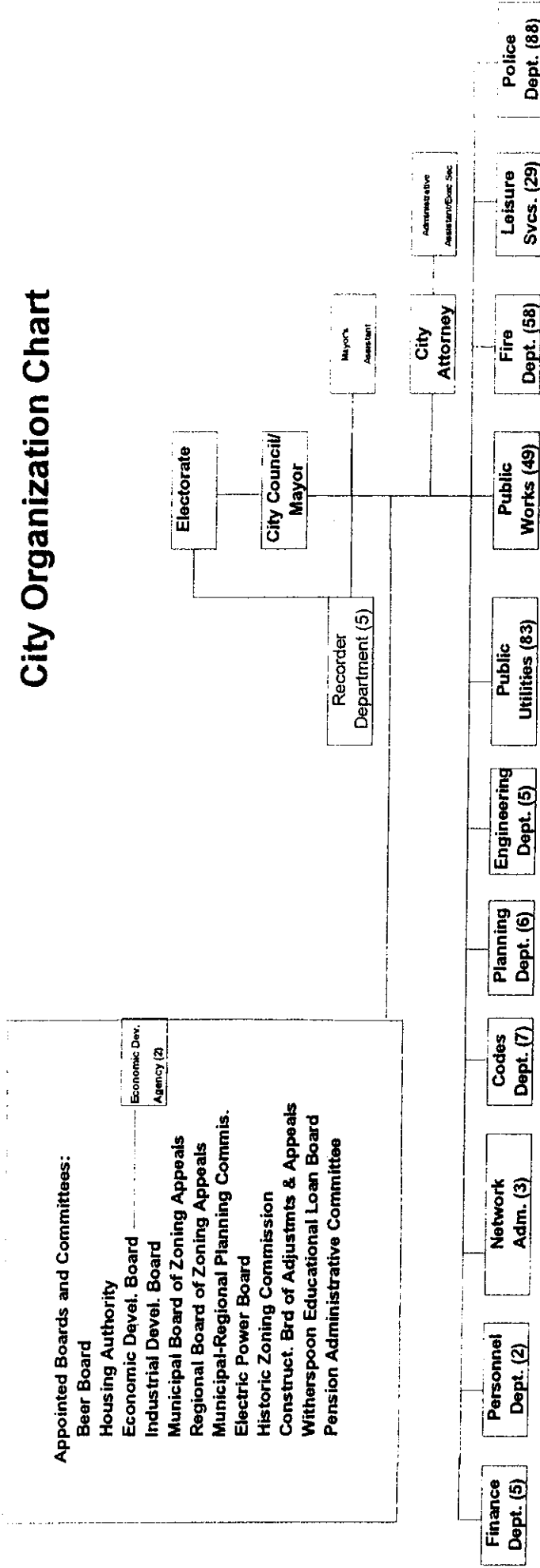
Respectfully submitted,

A handwritten signature in cursive script that reads "Rachel Nichols".

Rachel Nichols
Finance Director

CITY OF GALLATIN, TENNESSEE

City Organization Chart



Econ Dev Agency (2)

EDA Director (1)
Admin Asst (1)

Planning (6)

Asst Dir Codes Planning U (1)
Community Dev Coord T (1)
Planner II S (1)
Planner I P (1)
Planning Asst M (1)
Exec Secretary K (1)

Finance (5)

Finance Director (1)
Accountant II O (1)
Purchasing Agent O (1)
Accountant I M (1)
Fin/Account Clerk J (1)

Personnel (2)

Pers Official (1)
Pers Spec K (1)

Recorder (5)

City Recorder (1) (Elect)
Lead Dep Clerk N (1)
Municipal Crt Clerk I (1)
Cust Svc Clerk I H (2)

Codes (7)

Dir Codes Planning (1)
Chief Insp/Plans Exam 20 (1)
Plumb/Mech Insp/Plans Exam 19 (1)
Codes Inspector I 18 (1)
Prop Stand & Housing Insp 17 (1)
Mechanical Inspector 17 (1)
Permit Spec 15 (1)

Public Utilities (83)

Supt of Public Utilities (1)
Asst Supt of Pub Util 28 (1)
Chief Water Plt Oper 27 (1)
Chief Wastewater Plt Op 27 (1)
Utility Ops Mgr 27 (1)
Gen Supv Nat Gas 22 (1)
Gen Supv Water 22 (1)
Gen Supv Sewer 22 (1)
Utility GIS Coord 19 (1)
Customer Svc Supv 18 (1)
Wastewater Plt Op II 18 (3)
Water Plt Op II 18 (4)
Utility Inspector 18 (1)
Util Engrg Tech 17 (1)
Util Maint Supv 16 (1)
Crew Supv Water 16 (1)
Crew Supv Sewer 16 (1)
Gas Line Welder 16 (1)
Lab Analyst 16 (1)
Motor Equip Op III 15 (2)
Motor Equip Op III Nat Gas 15 (1)
Gas Svc Tech 15 (5)
Exec Secretary 15 (1)
TV/Sealing Tech 15 (1)
Util Billing Clerk 15 (1)
Wastewater Plt Op I 15 (1)
Water Plt Op I 15 (2)
Utility Location Tech 14 (1)
Pump Station Tech 14 (2)
Meter Rdr Crew Ldr 14 (1)
Util Svc Tech 13 (6)
Cross Conn Cont Tech 13 (1)
Flushing Svc Tech 13 (1)
Gas Svc Worker 13 (2)
Cust Svc Clerk II 13 (3)
Inventory Recrds Clk 12 (1)
Cust Svc Clerk I 12 (3)
Meter Reader 10 (4)
Wastewater Plt Attnld 10 (1)
Water Plt Attnld 10 (2)
Util Svc Worker 10 (12)
Util Dispatcher 10 (1)
Switch Op 9 (1)
Cashier 8 (2)
Wastewater Plt Asst 7 (1)

Engineering (5)

City Engineer (1)
Project Mgr I R (1)
Project Mgr I R (1)
Qual Con Insp N (1)
Exec Secretary K (1)

Mayor (2)

Mayor (1)
Mayor's Admin Asst (1)

City Attorney (3)

City Attorney (1)
Admin Asst (1)
Executive Secretary (1)

Information Technology (3)

Network Administrator T (1)
GIS Coordinator II O (1)
Comp Tech Spt Spec L (1)

Public Works (49)

Supt of Public Works (1)
General Supv Q (2)
Equip Maint Supt Q (1)
Fac Maint Supt O (1)
Crew Supervisor L (1)
Equip Mechanic K (3)
Exec Secretary K (1)
Motor Equip Op III K (5)
Animal Con Off J (2)
Fac Maint Mech J (1)
Inmate Crew Ldr I (1)
San Equip Op II I (8)
Sign & Marking Tech G (1)
San Crew Leader F (2)
Gen Wkr/Oper D (6)
Sanitation Worker C (4)
General Worker C (6)
Inv Clerk/Custodian B (1)
Custodian A (2)

Fire Dept (58)

Fire Chief (1)
Asst Fire Chief (1)
Fire Marshal T (1)
Fire Shift Capt T (3)
Fire Captain R (3)
Fire Training Officer R (1)
Senior Fire Insp R (1)
Fire Lieutenant Q (6)
Fire Inspector Q (1)
Firefighter/Engr N (15)
Firefighter L (24)
Exec Secretary K (1)

Leisure Services (29)

Dir of Leisure Svcs (1)
Asst Dir CC/Admin R (1)
Asst Dir Maint R (1)
Park Ranger/Safety Off O (1)
Aquatics Supv N (1)
Rec Program Supv N (1)
Lsv Maint Supv N (1)
Park Ranger N (1)
Crew Supv L (1)
LSV Cust Svc Supv L (1)
Exec Secretary K (1)
Equip Tech J (1)
Crew Leader J (3)
Inmate Crew Leader I (1)
Civic Center Asst I (2)
Cemetery Clk/Grnds E (1)
Groundskeeper D (2)
General Worker C (1)

Asst Dir Golf Course R (1)
Clubhouse Mgr L (1)
Clubhouse Asst Mgr H (1)
Grounds Mgr J (1)
Equip Tech J (1)
Grndskpr/Spray Tech F (1)
Grndskpr/Operator F (1)

Legend Position title followed by grade level Number in parenthesis is number of employees
NOTE Above does not include 8 Permanent Part-time positions: 2 Traffic Control Officers (Pol), 2 Public Svc Officers (Pol), 2 Cust Svc Clerk I (Rec), 1 Executive Assistant (May).

CITY OF GALLATIN, TENNESSEE
City Officials
June 30, 2009

Elected Officials

City Council

Mayor.....	Jo Ann Graves
Council Member.....	Dale Bennett
Council Member.....	Anne Kemp
Council Member.....	Craig Hayes
Council Member.....	Ed Mayberry
Council Member.....	Tommy Garrott
Council Member.....	John D. Alexander
Council Member.....	Jimmy Overton
Recorder.....	Connie Kittrell

Officers Appointed by City Council

Director of Finance.....	Rachel Nichols
Director of Public Works.....	Ronnie Stiles
Superintendent of Public Utilities.....	David A Gregory
Chief of Police.....	John Tisdale
Fire Chief.....	William L. (Billy) Crook
Director of Codes & Planning.....	Tony Allers
Director of Leisure Services.....	David Brown
Personnel Official.....	Dave Crawford
Director of Economic Development.....	Clay Walker
City Engineer.....	Nick Tuttle

Operating Manager

Electric Department Manager.....	William Draper
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Other Key Personnel

Assistant Director of Codes & Planning	Katherine Schoch
--	------------------

Financial Section

Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA
CHARLES N. PARKER, CPA
KAREN R. STEPHENS, CPA
CATHY D. FISHER, CPA
LAUREN S. ALLEN, CPA
CARRIE E. DAWSON, CPA
CHRISTOPHER E. JERNIGAN, CPA

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Independent Auditors' Report

To the Honorable City Council and Mayor
City of Gallatin, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Gallatin (the "City"), Tennessee, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Gallatin, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gallatin Department of Electricity ("Electric Fund"), which represent 20 percent of the assets, 21 percent of net assets, and 63 percent revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Fund, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gallatin, Tennessee as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and other major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2010, on our consideration of the City of Gallatin, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information on pages 2 through 10 and 39, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gallatin, Tennessee's basic financial statements. The introductory section, supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information on pages 41 through 48 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, supplemental information on pages 49 through 52 and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

February 10, 2010

Parker, Parker & Associates

Management's Discussion and Analysis

As management of the City of Gallatin, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. The analysis focuses on significant financial position, budget changes and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

- The assets of the City of Gallatin exceeded its liabilities at the close of the most recent fiscal year by \$169,064,690 as compared to \$162,494,887 in the prior year. Of these amounts, \$51,235,149 (unrestricted net assets), as compared to \$34,640,375 in 2008, may be used to meet the government's ongoing obligations.
- The governments total net assets increased by \$7,160,022 in 2009 and \$10,134,299 in 2008.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,875,575, a decrease of \$1,148,597 in comparison to the prior year. Approximately \$11,213,358 of that total is available for spending at the government's discretion although \$3,986,253 is designated for capital projects and \$4,261,031 is designated as the "Rainy Day" fund which requires a 2/3's majority vote of Council to appropriate.
- At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,966,074 or 12% of total general fund expenditures as compared to \$3,985,575 and 15.4% respectively for the prior year.
- The City's total debt increased by \$30,996,796 (181%) during the current fiscal year. The increase resulted from the issuance of a General Obligation Capital Outlay Note for \$3.8 million and the issuance of a Water and Sewer Revenue and Tax Bond for \$27 million.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Gallatin's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Overall, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover costs through user fees and charges (business-type activities). The governmental activities of the City of Gallatin include general government, public safety, highways and streets, sanitation, economic development, and cultural and recreation. The business-type

activities include Water and Sewer, Natural Gas and Electric Power services.

The government - wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Gallatin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories, governmental funds or proprietary funds.

Governmental Funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government - wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near - term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near - term financing requirements

Because the focus of governmental funds is narrower than that of the government - wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government - wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital project WWTP fund which are considered to be a major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Prior to 2009, the golf course operated as a proprietary fund. In an effort to improve management, the golf course was moved to the general fund under the Leisure Services department during 2009.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

The City of Gallatin, Tennessee adopts an annual appropriated budget for its general fund. A budgetary comparison statement and related notes have been provided for the general fund to demonstrate compliance with this budget on pg 19-37.

Proprietary Funds. The City of Gallatin maintains only one type of proprietary fund, the enterprise fund. It is used to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Water/Sewer, Natural Gas and Electric Power operations.

Proprietary funds provide the same type of information as the government - wide financial statements, only in more detail. The proprietary fund financial statements provide information for Water and Sewer, Natural Gas and Electric Power operations, each of which are considered to be a major funds.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government - wide and fund financial statements. The notes to the financial statements can be found starting on page 26 of this report.

The combining statements referred to earlier in connection with non major governmental funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 16-18 and 41 of this report.

Financial Analysis of the Financial Statements

Government - wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Gallatin, assets exceeded liabilities by \$169,064,690 at the close of the most recent fiscal year, as compared to \$162,494,889 at the close of the previous fiscal year.

By far the largest portion of the City's net assets (69.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt that is still outstanding. The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Gallatin's Net Assets

	Governmental Activities		Business -type Activities	
	2008	2009	2008	2009
Current and other assets	\$ 25,413,862	24,029,333	29,715,954	46,272,623
Capital assets	39,922,475	48,186,049	104,196,856	117,390,308
Total assets	65,336,337	72,215,382	133,912,810	163,662,931
Long-term liabilities outstanding	10,504,678	14,331,062	9,542,238	37,326,033
Other liabilities	9,975,304	9,702,790	6,732,038	5,453,739
Total liabilities	20,479,982	24,033,852	16,274,276	42,779,772
Net assets:				
Capital assets, net of related debt	30,192,475	35,081,049	97,346,673	82,808,956
Restricted	315,366	-60,463	0	0
Unrestricted	14,348,514	13,160,946	20,291,861	38,074,203
Total net assets	\$ 44,856,355	48,181,532	117,638,534	120,883,159

The city's unrestricted net assets totals \$51,235,149 and may be used to meet the government's ongoing obligations to citizens and creditors as compared to \$34,640,375 in 2008.

At the end of the current fiscal year, the City is able to report positive balances in all three category of net assets, both for the government as a whole, as well as for its separate governmental and business - type activities.

The government's net assets increased by \$6,569,802 during the current fiscal year. Approximately 49.4% of this increase represents the net increase in net assets from the Business-Type activities and 50.6% of this increase represents the net increase in the net assets from Governmental activities.

Governmental Activities

Governmental activities increased the City's net assets by \$3,647,796 during the current fiscal year as compared to a decrease of \$1,007,460 during the previous fiscal year. Key elements of this increase are summarized below:

City of Gallatin's Changes in Net Assets

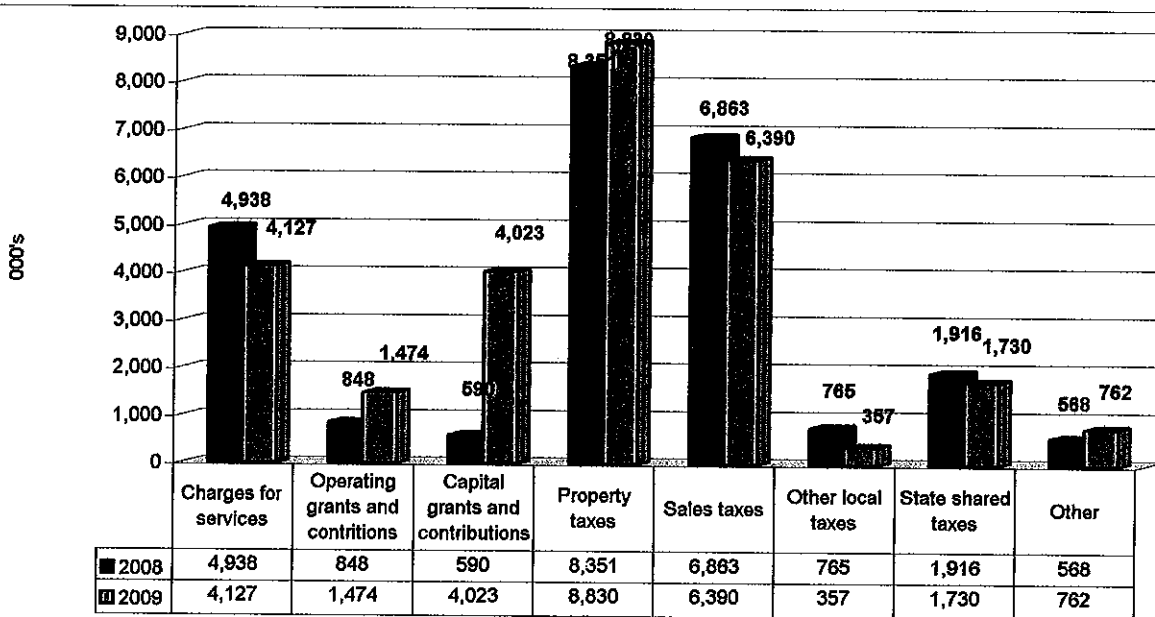
	Governmental Activities		Business -type Activities	
	2008	2009	2008	2009
Revenues:				
Program revenues:				
Charges for services	\$ 4,937,574	4,127,495	81,589,077	85,400,190
Operating grants and contributions	848,469	1,474,369	0	
Capital grants and contributions	590,405	4,022,806	6,918,074	1,252,667
General revenues:				
Property taxes	8,350,667	8,830,313	0	
Sales taxes	6,863,042	6,390,038	0	
Other local taxes	765,184	357,447	0	
State shared taxes	1,916,054	1,729,875	0	
Other	568,100	762,330	42,587	445,563
Total revenues	24,839,495	27,694,673	88,549,738	87,098,420
Expenses:				
General government				
General Government Administration	7,434,817	5,595,900	0	
Public safety:	9,312,521	10,217,027	0	
Animal control	47,647	112,082	0	
Highways and streets	1,751,275	2,085,472	0	
Public works	226,892	26,564	0	
Environmental Services	1,404,985	1,542,358	0	
Parks and recreation	2,449,295	3,238,619	0	
Engineering	408,330	636,589	0	
Community services	185,500	231,649	0	
Economic Development	278,287	270,456		
Vehicle maintenance	352,822	376,013	0	
Depreciation & Amortization	1,674,019	0	0	
Interest expense on long-term debt	320,565	785,391	0	
Water & Sewer	0		7,656,635	10,073,496
Natural Gas	0		20,349,492	19,354,295
Electric Power	0		48,441,112	52,075,601
Golf Course	0		978,014	1,011,561
Total expenses	25,846,955	25,118,120	77,425,253	82,514,953
Increases in net assets	-1,007,460	2,576,553	11,124,485	4,583,467
Transfers	685,674	1,071,241	-685,674	-1,071,241
Prior Period Adjustments	0	-322,620	0	-267,600
Net assets, beginning of year	45,178,141	44,856,355	107,199,723	117,638,534
Net assets, end of year	\$ 44,856,355	48,181,531	117,638,534	120,883,160

Program revenue Capital Grants & Contributions represent the most significant increase in 2009, \$4,022,806 as compared to \$590,405 in 2008. Operating Grants & Contributions and Property taxes have significant changes in 2009. Other revenues remained relatively stable or decreased slightly.

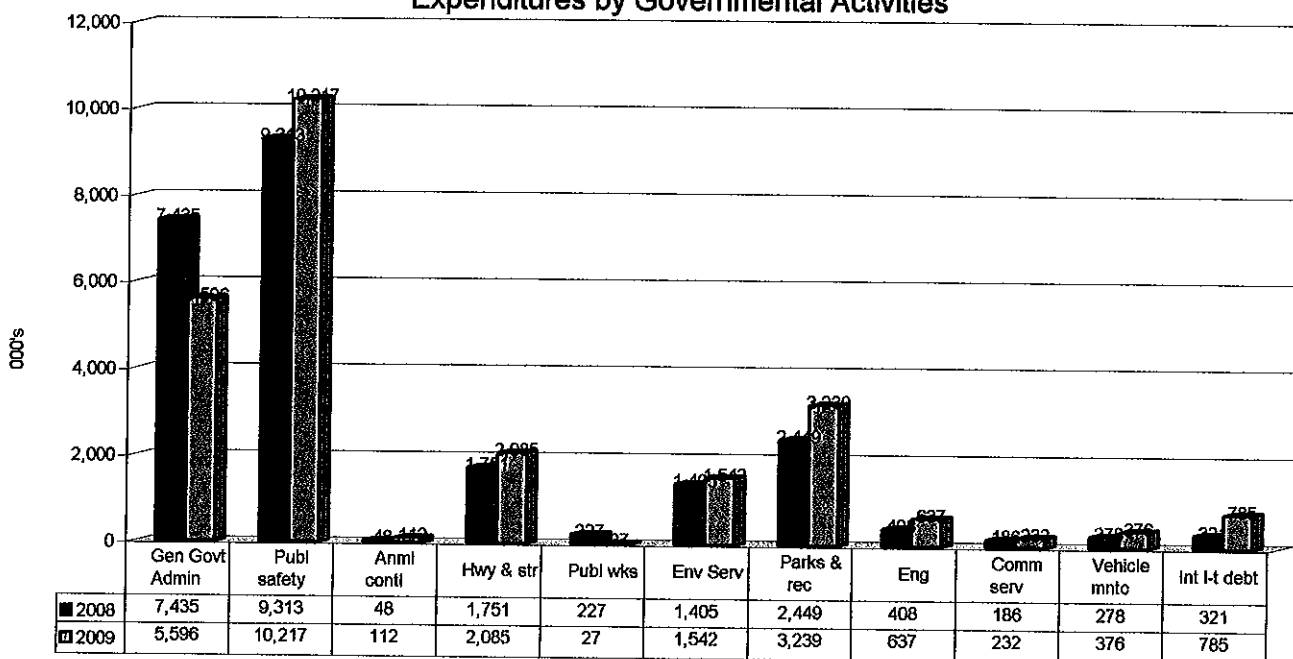
Governmental policy continues to recognize that local revenue sources must be the foundation for providing basic public services rather than depending on uncertain Federal and State sources. To this end, it is vitally important to continue efforts to seek balanced diversity, equity, and efficiency in local revenue systems to better accommodate future change.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The most significant increases in expenditures over those of the prior year occurred in the general government category with capital projects accounting for a significant portion of this increase.

Revenues by Source - Governmental Activities



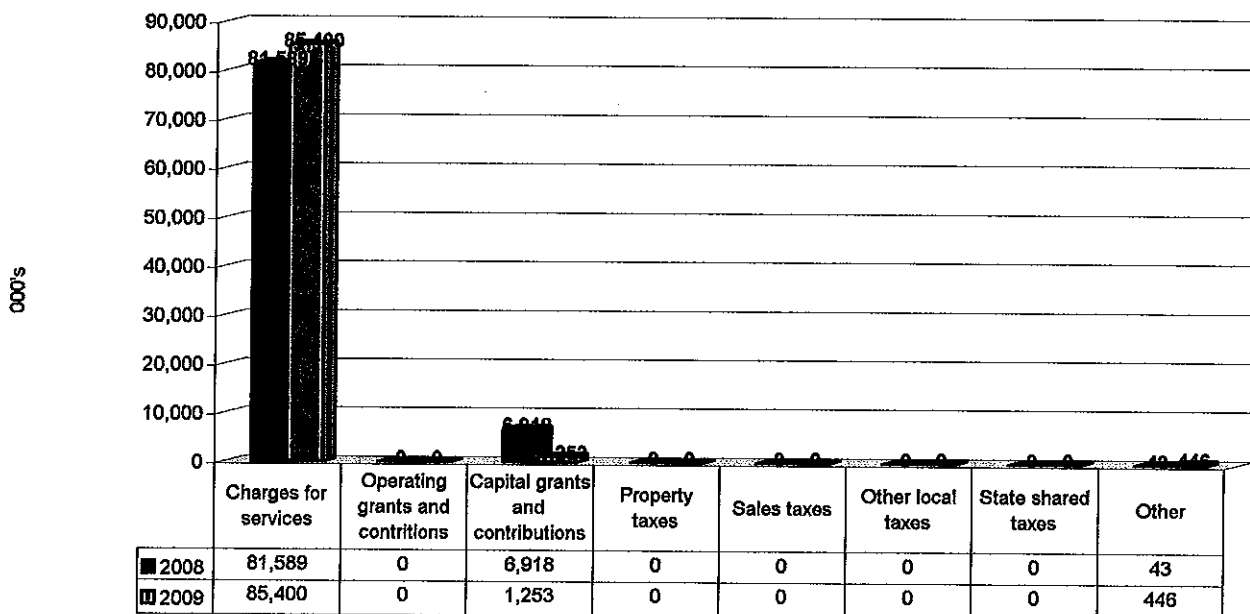
Expenditures by Governmental Activities



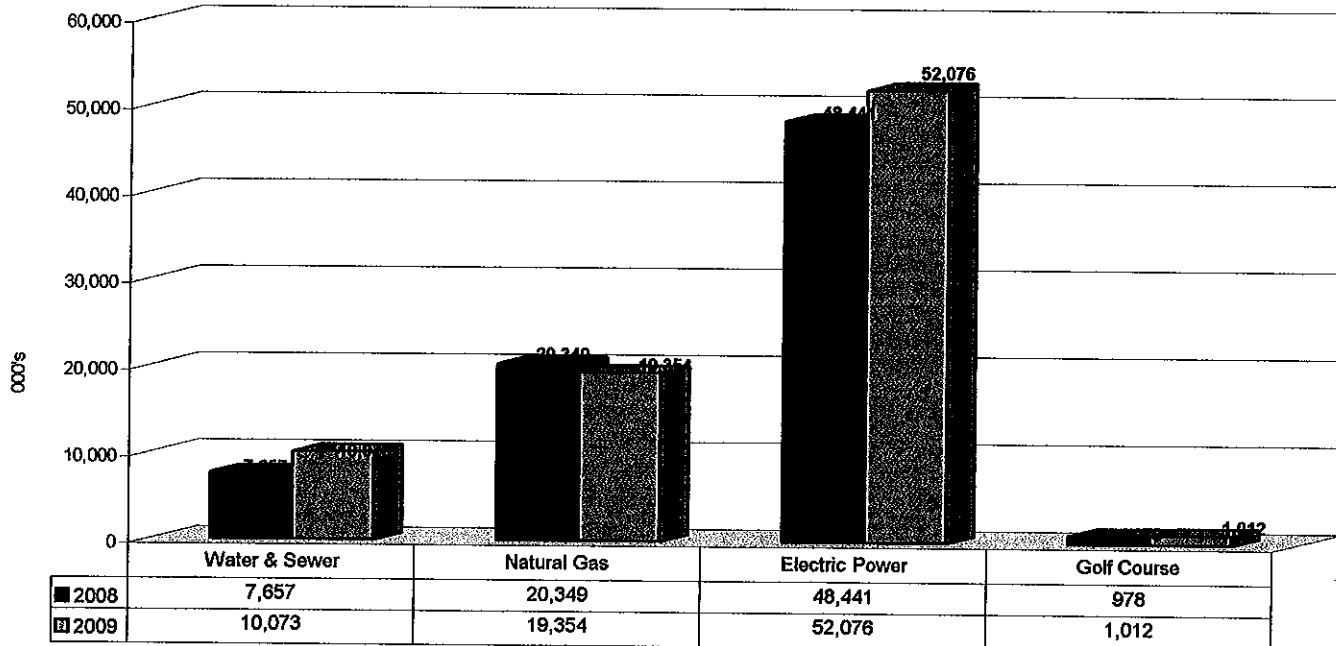
Business - type activities

Business - type activities increased the City's net assets by \$11,124,486 accounting for 110% of the total growth in the government's net assets as compared to \$7,442,290 in 2007.

Revenues by Business Activities



Expenditures by Business Activities



Governmental Funds

The focus of the City of Gallatin's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements, in particular, unreserved fund balance may serve as a useful measure to a government's net resources available for spending at the end of the year.

The general fund is the chief operation fund of the City of Gallatin, Tennessee. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,966,074 while total fund balance reached \$11,253,530. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12% of total general fund expenditures as compared to 15.4% last year.

The fund balance of the City's general fund increased by \$1,659,373 during the current fiscal year. The key factor in this increase is the issuance of a general obligation capital outlay note.

The City's proprietary (enterprise) funds provide the same type of information found in the government - wide financial statement but in more detail.

Unrestricted net assets of the Enterprise Funds amounted to \$38,074,203 as compared to \$20,291,861 in the prior year. The change in net assets of the individual enterprise funds was as follows:

	2008	2,009
Water & Sewer Fund	\$ 7,487,707	265,641
Natural Gas Fund	2,003,187	1,760,033
Golf Course Fund	-156,363	0
Electric Power Fund	1,747,368	1,486,552

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were an overall increase in appropriations by \$1,907,705 and can be briefly summarized as follows:

	Budgeted Amounts (Operating)		Budgeted Amounts (Capital)	
	Original	Final	Original	Final
General Government	4,800,493	4,803,613	3,942,575	4,290,580
Economic Development Agency	241,854	262,854	82,000	82,000
Police Department	6,127,714	6,186,631	336,143	636,143
Fire Department	4,128,556	4,032,612	1,378,350	1,175,850
Animal Control	98,883	98,883	37,000	37,000
Highways and Streets	1,639,277	1,669,431	190,001	287,501
Public Works	155,931	155,931	1,687,588	2,939,088
Parks and Recreation	2,510,736	2,548,749	650,552	658,552
Engineering	392,101	418,001	1,502,924	1,502,924
Community Services	217,000	243,040	-	-
Vehicle Maintenance	388,683	388,683	2,000	2,000
Debt Service	636,879	636,879	-	-
Total Expenditures	21,338,107	21,445,307	9,809,133	11,611,638

Capital Asset and Debt Administration

Capital Assets

The City of Gallatin's investment in capital assets from its governmental and business - type activities as of June 30, 2009, amounts to \$165,576,356 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 14.9% (an 20.7% increase for governmental activities and a 12.7% increase for business - type activities).

City of Gallatin's Capital Assets

	Governmental Activities	Business -type Activities	Total
Land	\$ 11,152,311	2,438,382	13,590,693
Buildings and utility plant	9,922,905	3,104,078	13,026,983
Improvements other than buildings	7,157,348	146,969,580	154,126,928
Equipment and furniture	13,719,820	5,051,927	18,771,747
Construction in progress	2,372,776	14,471,910	16,844,686
Infrastructure	25,020,153		25,020,153
	<u>69,345,313</u>	<u>172,035,877</u>	<u>241,381,190</u>
Less accumulated depreciation	<u>21,159,264</u>	<u>54,645,570</u>	<u>75,804,834</u>
Net Capital Assets	<u>\$ 48,186,049</u>	<u>117,390,307</u>	<u>165,576,356</u>

Additional information on the City of Gallatin's capital assets can be found in the notes to the financial statements section of this report.

Long - Term Debt

At the end of the current year, the City of Gallatin had bonded debt outstanding of \$48,086,796 as compared to \$17,114,131 at the end of the prior fiscal year. Of this amount, \$13,105,000 represents debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured by both the taxing power of the City and specific revenue sources (i.e. revenue and tax bonds) of the various enterprise funds.

City of Gallatin's Outstanding Debt

	Governmental Activities	Business -type Activities	Total
General obligation bonds and capital outlay notes	\$ 13,105,000		13,105,000
Revenue and tax bonds	<u>0</u>	<u>34,981,796</u>	<u>34,981,796</u>
Total	<u>\$ 13,105,000</u>	<u>34,981,796</u>	<u>48,086,796</u>

The City of Gallatin maintains a "AA-" rating from Standard & Poors for general obligation debt.

Additional information on the City's debt can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

General Fund Revenue:

- As in most other areas of the nation, the City saw overall declines in operating revenues for 2009. There were modest increases in property tax, sales tax, state shared revenues, and beer and alcohol related taxes, but these increases did not compensate for the decreased collections of other fees and revenues. If not for the sale of a capital outlay note, the general fund would have seen an overall decline in revenues for the year.

General Fund Expenditures and Capital Outlay:

- All departments were encouraged to cut costs wherever possible, while maintaining an awareness of the state of the national economy.
- Original operating expense budgets totaled \$21,338,107 as compared to \$19,590,800 for the prior fiscal year, representing an increase of 14.8%.

At the end of the current fiscal year, unreserved fund balance in the general fund was \$2,966,074. Management made a conscientious decision to spend down some of the unreserved fund balance that had accumulated over the years on non-recurring expenses to better serve the citizens of Gallatin.

Next Year's Budget and Rates:

- The City continues to encourage departments to be frugal and cut spending whenever possible due to the slow recovery of the local and national economies. The City's property tax rate was lowered at the end of 2009 as a result of the State's reappraisal process. There are no plans to exceed the State's certified rate, and the City will make any necessary adjustments to operate with available revenues.

Requests for Information

This financial report is designed to provide a general overview of the City of Gallatin Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Department of Finance
City of Gallatin
132 W Main St
Gallatin, TN 37066

CITY OF GALLATIN, TENNESSEE

Statement of Net Assets

June 30, 2009

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Industrial
				Development
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ (2,638,465)	\$ 44,455,002	\$ 41,816,536	\$ 28,030
Receivables:				
Property Taxes	9,879,867	-	9,879,867	-
Intergovernmental	2,231,063	-	2,231,063	-
Customers, Net of Allowance and Other	672,562	5,729,243	6,401,805	-
Total Receivables	12,783,492	5,729,243	18,512,735	-
Investments	-	4,569,118	4,569,118	-
Inventory	48,560	2,646,976	2,695,536	-
Prepays and Other Current Expenses	-	345,405	345,405	-
Internal Balances	13,834,247	(13,834,247)	-	-
Total Current Assets	24,027,833	43,911,497	67,939,331	28,030
CAPITAL ASSETS				
Depreciable Capital Assets, Net of				
Accumulated Depreciation	34,660,961	100,480,015	135,140,977	-
Non Depreciable Capital Assets	13,525,087	16,910,292	30,435,379	-
Total Capital Assets	48,186,049	117,390,308	165,576,356	-
OTHER ASSETS				
Cash and Cash Equivalents - Restricted		7,374	7,374	-
Unamortized Costs	-	400,444	400,444	-
Receivable - TVA Residential Energy Service Program	-	350,000	350,000	-
Deposits and Other	1,500	1,603,308	1,604,808	-
Total Other Assets	1,500	2,361,126	2,362,626	-
Total Assets	\$ 72,215,382	\$ 163,662,931	\$ 235,878,313	\$ 28,030
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 159,343	\$ 4,984,798	\$ 5,144,140	\$ -
Accrued Liabilities	586,253	439,361	1,025,615	-
Accrued Interest	-	29,579	29,579	-
Deferred Revenue	8,957,194	-	8,957,194	-
Long-term Liabilities:				
Customer Deposits	-	1,506,449	1,506,449	-
Other Liabilities	151,022	388,076	539,098	-
Compensated Absences	1,075,040	449,712	1,524,752	-
Due Within One Year	760,000	1,349,024	2,109,024	-
Due in More Than One Year	12,345,000	33,632,772	45,977,772	-
Total Liabilities	24,033,852	42,779,772	66,813,624	-
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	35,081,049	82,808,956	117,890,004	-
Restricted for:				
Special Revenue Funds - Drug Fund	(75,463)	-	(75,463)	-
Endowment	15,000	-	15,000	-
Unrestricted	13,160,946	38,074,203	51,235,149	28,030
Total Net Assets	48,181,531	120,883,159	169,064,690	28,030
Total Liabilities and Net Assets	\$ 72,215,382	\$ 163,662,931	\$ 235,878,313	\$ 28,030

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs: Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	Total	
			Grants and Contributions	Capital Grants and Contributions				
Governmental Activities:								
General Government	\$ 5,704,655	17,400	\$ 812,301	\$ 3,876,191	\$ (998,763)	\$ -	\$ (998,763)	\$ -
Public Safety	10,217,027	1,446,691	11,828	37,010	(8,721,498)	-	(8,721,498)	-
Animal Control	112,082	-	-	-	(112,082)	-	(112,082)	-
Highways, Streets and Roadways	2,085,472	79,271	681,931	108,625	(1,215,645)	-	(1,215,645)	-
Public Works	26,564	10,914	-	-	(15,650)	-	(15,650)	-
Environmental Services	1,433,602	1,119,029	(31,691)	-	(346,263)	-	(346,263)	-
Parks and Recreation	3,238,619	706,317	-	980	(2,531,322)	-	(2,531,322)	-
Engineering	636,589	610,925	-	-	(25,665)	-	(25,665)	-
Community Services	231,649	-	-	-	(231,649)	-	(231,649)	-
Economic Development	270,456	-	-	-	(270,456)	-	(270,456)	-
Vehicle Maintenance	376,013	136,949	-	-	(239,065)	-	(239,065)	-
Interest on Long-term Debt	785,391	-	-	-	(785,391)	-	(785,391)	-
Total Governmental Activities	25,118,120	4,127,495	1,474,369	4,022,806	(15,493,449)	-	(15,493,449)	-
Business-type Activities:								
Electric Power	52,075,601	53,904,250	-	32,552	-	1,861,201	1,861,201	-
Gas	19,354,295	21,297,574	-	79,487	-	2,022,766	2,022,766	-
Golf	1,011,561	827,161	-	-	-	(184,401)	(184,401)	-
Water and Sewer	10,073,496	9,371,205	-	1,140,628	-	438,337	438,337	-
Total Business-type Activities	82,514,953	85,400,190	-	1,252,667	-	4,137,904	4,137,904	-
Total Primary Government	\$ 107,633,073	\$ 89,527,685	\$ 1,474,369	\$ 5,275,473	\$ (15,493,449)	\$ 4,137,904	\$ (11,355,545)	\$ -
Component Unit:								
Industrial Development Board	\$ 7,790	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 17,211
General Revenues:								
Property and Personal Taxes					\$ 8,830,313	\$ -	\$ 8,830,313	\$ -
TVA Gross Receipts and PILOT					276,637	-	276,637	-
Income and Excise Taxes					80,810	-	80,810	-
Sales Taxes					6,390,038	-	6,390,038	-
Alcoholic Beverage Taxes					877,642	-	877,642	-
Business Taxes					521,590	-	521,590	-
Hospitality Taxes					327,853	-	327,853	-
Miscellaneous State Taxes					2,790	-	2,790	-
Unrestricted Investment Income					519,239	437,057	956,296	-
Rental Income					35,521	-	35,521	-
Sale of Capital Assets					16,684	8,465	25,149	-
Insurance Proceeds					138,900	41	138,941	-
Miscellaneous					51,986	-	51,986	-
Transfers, Net					1,071,242	(1,071,241)	0	-
Total General Revenues and Transfers					19,141,245	(625,678)	18,515,567	-
Change in Net Assets					3,647,796	3,512,226	7,160,022	17,211
Net Assets - July 1, 2008					44,856,355	117,638,533	162,494,888	10,819
Prior Period Adjustment					(322,620)	(267,600)	(590,220)	-
Net Assets - June 30, 2009					\$ 48,181,531	\$ 120,883,159	\$ 169,064,690	\$ 28,030

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Capital Projects WWTP	Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 8,724,433	\$ (13,930,709)	\$ 2,567,811	\$ (2,638,465)
Receivables, Net:				
Property Taxes	9,879,867	-	-	9,879,867
Intergovernmental	1,767,608	-	-	1,767,608
Other	338,207	-	347,022	685,229
Due From Other Funds	26,700	13,807,547	-	13,834,247
Investments	-	-	-	-
Inventory	40,173	-	8,387	48,560
Prepays and Other Current Expenses	1,500	-	-	1,500
Total Assets	<u>\$ 20,778,487</u>	<u>\$ (123,162)</u>	<u>\$ 2,923,221</u>	<u>\$ 23,578,546</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 102,729	\$ -	\$ 56,612	159,341
Accrued Liabilities	465,034	-	121,220	586,254
Due To Other Funds	-	-	-	-
Deferred Revenue	8,957,194	-	-	8,957,194
Total Liabilities	<u>9,524,957</u>	<u>-</u>	<u>177,832</u>	<u>9,702,789</u>
Fund Balances:				
Reserved For:				
Inventory	40,173	-	8,387	48,560
Special Revenue Funds - Drug Fund	-	-	(75,463)	(75,463)
Endowments	-	-	15,000	15,000
Unreserved Reported in Non-Major:				
Special Revenue Funds	-	-	22,272	22,272
Capital Projects Funds	-	(123,162)	2,421,197	2,298,035
Permanent Funds	-	-	353,996	353,996
Unreserved: Designated For:				
Capital Projects	3,986,253	-	-	3,986,253
Other Designated	4,261,031	-	-	4,261,031
Unreserved	2,966,074	-	-	2,966,074
Total Fund Balances	<u>11,253,530</u>	<u>(123,162)</u>	<u>2,745,389</u>	<u>13,875,757</u>
Total Liabilities and Fund Balances	<u>\$ 20,778,487</u>	<u>\$ (123,162)</u>	<u>\$ 2,923,221</u>	<u>\$ 23,578,546</u>

CITY OF GALLATIN, TENNESSEE
Reconciliation of the Balance Sheet to the Statement of Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances	\$ 13,875,757
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Some assets, including accounts receivable are not available in the current period and therefore are not reported in the funds.	450,787
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	48,186,049
Other long-term assets (bond costs) are not available to pay for current-period expenditures and, therefore are deferred in the funds.	-
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(14,331,062)
Net Assets of the Governmental Activities	<u>\$ 48,181,531</u>

CITY OF GALLATIN, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General</u>	<u>Capital Projects WWTP</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 17,989,604	\$ -	\$ -	\$ 17,989,604
Licenses and Permits	616,775	-	-	616,775
Fines and Forfeitures	1,293,668	-	153,023	1,446,691
Charges for Services	945,001	-	1,119,029	2,064,030
Intergovernmental	703,536	-	87,765	791,301
Investment Income	111,764	314,550	92,926	519,240
Rental/Property Income	35,521	-	-	35,521
Miscellaneous Revenues	46,904	-	5,082	51,987
Total Revenues	<u>21,742,773</u>	<u>314,550</u>	<u>1,457,826</u>	<u>23,515,148</u>
Expenditures				
Current:				
General Government	4,421,328	-	-	4,421,328
Public Safety	9,311,065	-	377,782	9,688,847
Animal Control	90,649	-	-	90,649
Highways, Streets and Roadways	1,362,428	-	-	1,362,428
Public Works	149,677	-	-	149,677
Environmental Services	-	-	1,323,296	1,323,296
Parks and Recreation	2,645,342	-	-	2,645,342
Engineering	372,252	-	-	372,252
Community Services	231,649	-	-	231,649
Economic Development	230,201	-	-	230,201
Vehicle Maintenance	364,901	-	-	364,901
Other Program Costs	-	-	291	291
Debt Service:				
Principal	425,000	-	-	425,000
Interest	627,829	-	-	627,829
Capital Outlay	4,504,606	-	2,580,953	7,085,559
Total Expenditures	<u>24,736,928</u>	<u>-</u>	<u>4,282,322</u>	<u>29,019,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,994,156)</u>	<u>314,550</u>	<u>(2,824,496)</u>	<u>(5,504,102)</u>
Other Financing Sources (Uses)				
Contributions	51,328	-	11,828	63,156
Insurance Proceeds	138,900	-	-	138,900
Operating Transfers In (Out) /PILOT	1,264,490	-	(193,249)	1,071,241
Bonds Issued, net of Bond Costs	3,800,000	(157,562)	-	3,642,438
Sales of Capital Assets	16,684	-	-	16,684
Total Other Financing Sources (Uses)	<u>5,271,402</u>	<u>(157,562)</u>	<u>(181,421)</u>	<u>4,932,418</u>
Net Change in Fund Balances	2,277,246	156,988	(3,005,918)	(571,684)
Fund Balance - July 1, 2008	9,594,156	(280,150)	5,710,348	15,024,354
Prior Period Adjustment	<u>(617,872)</u>	<u>-</u>	<u>40,959</u>	<u>(576,913)</u>
Fund Balances - June 30, 2009	<u>\$ 11,253,530</u>	<u>\$ (123,162)</u>	<u>\$ 2,745,389</u>	<u>\$ 13,875,757</u>

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ (571,684)

Amounts reported for governmental activities in the statement of activities are different from the amounts reported for governmental funds in the statement of revenues, expenditures and changes in fund balances because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period, net of loss on disposal. 7,135,745

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 450,787

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (3,367,052)

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.

Change in net assets of governmental activities \$ 3,647,796

CITY OF GALLATIN, TENNESSEE
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities - Enterprise Funds				
	Electric Fund	Gas Fund	Golf Course	Water & Sewer Fund	Total Proprietary Funds
Assets					
Current Assets					
Cash and Cash Equivalents - Unrestricted	\$ 1,925,888	\$ 4,863,937	\$ -	\$ 37,665,176	\$ 44,455,002
Receivables, net	3,686,572	1,254,844	-	787,827	5,729,243
Due From Other Funds	-	-	-	-	-
Inventory	725,832	1,667,153	-	253,991	2,646,976
Prepaid and Other Current Expenses	345,405	-	-	-	345,405
Total Current Assets	6,683,697	7,785,935	-	38,706,994	53,176,626
Capital Assets					
Non-depreciable Capital Assets:					
Land, Right of Ways, Usages	1,139,141	193,403	-	1,105,838	2,438,382
Construction in Progress	210,594	-	-	14,261,316	14,471,910
Depreciable Capital Assets:					
Plant and Equipment	32,997,983	26,490,075	-	95,637,467	155,125,525
Less Accumulated Depreciation	(12,454,375)	(9,734,659)	-	(32,456,476)	(54,645,510)
Total Capital Assets	21,893,343	16,948,819	-	78,548,145	117,390,308
Other Assets					
Cash and Cash Equivalents - Restricted	7,374	-	-	-	7,374
Investments	4,569,118	-	-	-	4,569,118
Unamortized Costs	27,766	-	-	372,678	400,444
Receivable - TVA Residential Energy Service Program	350,000	-	-	-	350,000
Deposits and Other	1,603,308	-	-	-	1,603,308
Total Other Assets	6,557,566	-	-	372,678	6,930,244
Total Assets	\$ 35,134,606	\$ 24,734,754	\$ -	\$ 117,627,817	\$ 177,497,178
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	\$ 3,708,101	\$ 936,287	\$ -	\$ 340,410	\$ 4,984,798
Accrued Liabilities	331,095	27,495	-	80,771	439,361
Accrued Interest	15,843	-	-	13,736	29,579
Deferred Revenue	-	-	-	-	-
Current Portion of Notes and Bonds Payable	150,748	-	-	1,198,276	1,349,024
Due to Other Funds	-	-	-	13,834,247	13,834,247
Total Current Liabilities	4,205,787	963,782	-	15,467,440	20,637,009
Customer deposits	1,453,803	-	-	52,646	1,506,449
Other Liabilities including Advances - TVA	267,501	118,161	-	2,414	388,076
Compensated Absences	162,442	126,661	-	160,609	449,712
Notes and Bonds Payable, Net of Premiums	966,604	-	-	32,666,168	33,632,772
Total Long-Term Liabilities	2,850,350	244,823	-	32,881,837	35,977,010
Total Liabilities	7,056,137	1,208,605	-	48,349,277	56,614,019
Net Assets					
Unrestricted	7,274,712	6,577,330	-	24,222,161	38,074,203
Invested in Capital Assets, Net of Related Debt	20,803,757	16,948,819	-	45,056,379	82,808,956
Total Net Assets	28,078,469	23,526,150	-	69,278,540	120,883,159
Total Liabilities and Net Assets	\$ 35,134,606	\$ 24,734,754	\$ -	\$ 117,627,817	\$ 177,497,178

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds					Total
	Electric Fund	Gas Fund	Golf Course	Water & Sewer Fund	Proprietary Funds	
Operating Revenues						
Charges for Services	\$ 53,068,116	\$ 21,141,060	\$ 670,422	\$ 9,212,214	\$	\$ 84,091,811
Late Payment Charges/Forfeited Discounts	232,082	123,687	-	116,805		472,573
Other Revenues from Operations	604,052	32,827	156,739	42,187		835,805
Total Operating Revenues	<u>53,904,250</u>	<u>21,297,574</u>	<u>827,161</u>	<u>9,371,205</u>		<u>85,400,190</u>
Operating Expenses						
Water Plant	-	-	-	1,358,530		1,358,530
Transmission and Distribution	48,603,268	18,120,969	-	1,030,917		67,755,154
Customer Service and Collection	706,436	274,502	-	569,916		1,550,853
General Administration	834,225	309,559	10,685	613,216		1,767,685
Golf Course Operating Expenses	-	-	910,154	-		910,154
Sewer Collection	-	-	-	988,355		988,355
Sewer System Rehab	-	-	-	211,355		211,355
Sewer Treatment and Disposal	-	-	-	1,173,911		1,173,911
Sewer Pretreatment	-	-	-	9,031		9,031
Maintenance	716,695	-	-	-		716,695
Depreciation and Amortization	1,214,977	649,265	90,722	2,726,166		4,681,130
Total Operating Expenses	<u>52,075,601</u>	<u>19,354,295</u>	<u>1,011,561</u>	<u>8,681,395</u>		<u>81,122,853</u>
Income from Operations	<u>1,828,649</u>	<u>1,943,279</u>	<u>(184,401)</u>	<u>689,810</u>		<u>4,277,337</u>
Non-operating Revenues (Expenses)						
Investment Income	189,906	4,952	3,341	238,858		437,057
Insurance Proceeds	-	-	-	41		41
Gain on Sale	-	-	-	8,465		8,465
Interest Expense	-	-	-	(1,392,100)		(1,392,100)
Total Non-operating Revenues (Expenses)	<u>189,906</u>	<u>4,952</u>	<u>3,341</u>	<u>(1,144,736)</u>		<u>(946,537)</u>
Income (Loss) Before Contributions and Transfers	<u>2,018,555</u>	<u>1,948,232</u>	<u>(181,060)</u>	<u>(454,927)</u>		<u>3,330,800</u>
Contributions and Transfers In (Out):						
Tap Fees	-	-	-	293,808		293,808
Contributions and Grants	32,552	79,487	-	846,820		958,859
Transfer to Other Funds/Payment in Lieu of Tax	(564,555)	(267,686)	181,060	(420,060)		(1,071,241)
Change in Net Assets	<u>1,486,552</u>	<u>1,760,033</u>	<u>-</u>	<u>265,641</u>		<u>3,512,226</u>
Net Assets - July 1, 2008	<u>26,591,917</u>	<u>21,790,083</u>	<u>271,657</u>	<u>68,984,876</u>		<u>117,638,533</u>
Prior Period Adjustment	<u>-</u>	<u>(23,967)</u>	<u>(271,657)</u>	<u>28,024</u>		<u>(267,600)</u>
Net Assets - June 30, 2009	<u>\$ 28,078,469</u>	<u>\$ 23,526,150</u>	<u>\$ -</u>	<u>\$ 69,278,540</u>		<u>\$ 120,883,159</u>

CITY OF GALLATIN, TENNESSEE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds				
	Electric Fund	Gas Fund	Golf Course	Water & Sewer Fund	Total Proprietary Funds
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 53,576,722	\$21,423,806	\$ 827,161	\$ 9,451,963	\$85,279,452
Cash Payments to Suppliers for Goods and Services	(49,603,947)	(18,415,431)	(1,568,280)	(2,774,441)	(72,362,099)
Cash Payments to Employees for Services	(1,926,236)	(970,316)	(511,595)	(3,074,433)	(6,482,580)
Net Cash Provided (Used) by Operating Activities	2,046,539	2,037,860	(1,252,714)	3,603,089	6,434,773
Cash Flows from Capital and Related Financing Activities:					
Cash Received from Customers	-	-	-	-	-
Principal Paid on Bonds/Notes	-	-	-	1,140,628	1,140,628
New Borrowings on Bonds/Notes	-	-	-	(940,000)	(940,000)
Interest Paid on Long-Term Debt	-	-	-	26,960,000	26,960,000
Acquisition and Construction of Capital Assets	-	-	-	(1,499,934)	(1,499,934)
Proceeds from Sale of Capital Assets	(2,181,703)	(1,011,024)	-	(1,574,611)	(4,767,336)
Bond Costs	-	-	1,067,314	8,465	1,075,779
Insurance Proceeds	-	-	-	206,317	206,317
Net Cash Used by Capital and Related Financing Activities	(2,181,703)	(1,011,024)	1,067,314	41	41
Cash Flows from Non-Capital Financing Activities					
Transfers to Other Funds	-	-	-	24,300,906	22,175,493
Increase in Lending to Other Funds	(564,555)	(267,686)	181,060	(420,060)	(1,071,241)
Advances - TVA Residential Energy Services Program	-	-	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(564,555)	(267,686)	181,060	(420,060)	(1,071,241)
Cash Flows from Investing Activities:					
Purchase of Investments	(1,495,795)	-	-	-	(1,495,795)
Proceeds from Sale of Investments	-	-	-	1,494,488	1,494,488
Receivables - TVA Residential Energy Service Program	-	-	-	-	-
Interest Received	189,906	4,952	3,341	238,858	437,057
Net Cash Provided by Investing Activities	(1,305,889)	4,952	3,341	1,733,345	435,749
Net Increase in Cash and Restricted Cash	(2,005,608)	764,103	(999)	29,217,279	27,974,774
Cash and Restricted Cash at Beginning of Year	3,938,870	4,099,834	999	8,447,897	16,487,601
Cash and Restricted Cash at End of Year	\$ 1,933,262	\$ 4,863,937	\$ (0)	\$ 37,665,176	\$44,462,375
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 1,828,649	\$ 1,943,279	\$ (184,401)	\$ 689,810	\$ 4,277,337
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Prior Period Adjustment	-	-	-	-	-
Depreciation and Amortization	1,272,131	(23,967)	(271,657)	28,024	(267,600)
Changes in Assets and Liabilities		649,265	90,722	2,726,166	4,738,284
(Increase) Decrease in Receivable, Net	(327,528)	126,031	-	80,758	(120,738)
(Increase) Decrease in Due from Other Funds	-	-	-	-	-
(Increase) Decrease in Inventory	54,916	(290,964)	23,927	16,486	(195,634)
(Increase) Decrease in Prepaid and Other Current Assets	(19,767)	-	-	-	(19,767)
(Increase) Decrease in Other Assets	(84,667)	-	-	-	(84,667)
Increase (Decrease) in Accounts Payable and Liabilities	(703,718)	(383,981)	1,500	76,626	(83,167)
Increase (Decrease) in Compensated Absences	26,523	18,195	(9,246)	-	(1,020,319)
Increase (Decrease) in Due to Other Funds	-	-	(18,085)	(14,781)	11,852
Net Cash Provided by Operating Activities	\$ 2,046,539	\$ 2,037,860	\$ (1,252,714)	\$ 37,665,176	\$44,462,375
Noncash Capital Financing Activities					
Contribution of Capital Assets	\$ 32,552	\$ 79,487	\$ -	\$ 846,820	\$ 958,859

See auditors' report and notes to the financial statements

CITY OF GALLATIN, TENNESSEE
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Positive (Negative) Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final</u>
Revenues				
Taxes:				
Real and Personal Property Tax	\$ 9,015,250	\$ 9,015,250	\$ 8,743,629	\$ (271,621)
Penalty and Interest	51,250	51,250	86,684	35,434
Local Option Sales Tax	5,320,928	5,320,928	4,823,879	(497,049)
Beer Tax	678,227	678,227	650,618	(27,609)
Alcohol Privilege Tax	-	-	-	-
Wholesale Liquor Tax	173,299	173,299	187,785	14,486
Business Tax	500,000	520,682	521,590	908
Cable TV Franchise Tax	290,000	290,000	327,853	37,853
Payment in Lieu of Tax	20,000	20,000	47,281	27,281
Total Taxes	<u>16,048,954</u>	<u>16,069,636</u>	<u>15,389,321</u>	<u>(680,315)</u>
Licenses and Permits	<u>1,109,492</u>	<u>1,109,492</u>	<u>616,775</u>	<u>(492,717)</u>
Fines and Forfeitures	<u>1,640,481</u>	<u>1,640,481</u>	<u>1,293,668</u>	<u>(346,813)</u>
Charges for Services:				
Civic Center Revenues	475,500	475,500	480,799	5,299
Administrative Services	6,593	6,593	11,446	4,853
Swimming Pool Concessions and Fees	37,300	37,300	44,215	6,915
Recreational Program Fees	110,900	142,900	181,303	38,403
Vehicle Repair Charges	164,125	164,125	216,220	52,095
Engineering Services	-	-	-	-
Street Department Services	-	-	-	-
Other	5,125	5,125	11,018	5,893
Total Charges for Services	<u>799,543</u>	<u>831,543</u>	<u>945,001</u>	<u>113,458</u>
Intergovernmental:				
TVA Replacement Tax Allocation	243,636	243,636	229,356	(14,280)
Grants	2,160,364	2,175,111	703,536	(1,471,575)
Streets and Transportation	53,549	53,549	51,365	(2,164)
Sales Tax	1,793,482	1,793,482	1,566,158	(227,324)
State Beer Tax	7,175	7,175	12,475	5,300
State Income Tax	380,000	380,000	-	(380,000)
State Excise Tax	66,625	66,625	80,810	14,185
State Alcoholic Beverage Tax	86,159	86,159	85,712	(447)
State Gasoline Tax	707,477	707,477	630,546	(76,931)
State Supplement-Police and Fire	-	-	-	-
Gas and Motor Fuel Tax	-	-	-	-
State Telecommunications Tax	3,175	3,175	2,790	(385)
Other Grants and Donations	20,682	-	(58,948)	(58,948)
Total Intergovernmental	<u>5,522,324</u>	<u>5,516,389</u>	<u>3,303,820</u>	<u>(2,212,569)</u>
Investment Income	<u>325,000</u>	<u>325,000</u>	<u>111,784</u>	<u>(213,236)</u>
Rental Income	<u>26,860</u>	<u>26,850</u>	<u>35,521</u>	<u>8,671</u>
Miscellaneous Revenues	<u>6,150</u>	<u>6,150</u>	<u>46,904</u>	<u>40,754</u>
Total Revenues	<u>\$ 25,478,794</u>	<u>\$ 25,525,541</u>	<u>\$ 21,742,773</u>	<u>\$ (3,782,768)</u>
Expenditures				
General Government:				
City Administration:				
Current:				
Salaries	3,801	3,801	7,527	(3,726)
Supplies	-	-	342	(342)
Services	484,250	486,470	744,502	(258,032)
Payments in Lieu of Tax	224,700	224,700	103,343	121,357
Inmate Lease Expense	16,800	16,800	837	15,963
Other Operating Expenses	127,925	131,825	143,261	(11,436)
Total Current	<u>857,476</u>	<u>863,596</u>	<u>999,810</u>	<u>(136,214)</u>
Capital Outlay	<u>3,173,227</u>	<u>3,505,327</u>	<u>870,854</u>	<u>2,634,473</u>
Total City Administration	<u>4,030,703</u>	<u>4,368,923</u>	<u>1,870,665</u>	<u>2,498,258</u>

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual, Continued
General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
General Government Expenditures, Continued:				
Mayor's Office:				
Current:				
Salaries and Employee Benefits	\$ 222,976	\$ 222,976	\$ 221,242	\$ 1,734
Supplies	2,000	2,000	1,278	722
Utilities	1,616	1,616	2,204	(588)
Other Operating Expenses	4,346	4,346	3,816	530
Total Current	230,938	230,938	228,541	2,397
Capital Outlay	4,552	4,552	136	4,416
Total Mayor's Office	235,490	235,490	228,676	6,814
City Planner:				
Current:				
Salaries and Employee Benefits	444,382	444,382	412,536	31,846
Repairs and Maintenance	-	-	-	-
Contractual Services	-	-	-	-
Supplies	5,500	5,500	2,766	2,734
Utilities	-	-	-	-
Other Operating Expenses	31,500	31,500	15,645	15,855
Planning Commission:				
Salaries	3,600	3,600	2,946	654
Contractual Services	24,400	24,400	20,977	3,423
Other Operating Expenses	1,500	1,500	770	730
Total Current	510,882	510,882	455,640	55,242
Capital Outlay	153,046	162,585	45,894	116,691
Total City Planner	663,928	673,467	501,534	171,933
Finance Department:				
Current:				
Salaries and Employee Benefits	403,983	400,983	268,800	132,183
Contractual Services	66,200	66,200	76,317	(10,117)
Supplies	4,000	4,000	4,570	(570)
Utilities	2,500	2,500	1,646	854
Other Operating Expenses	7,520	7,520	6,632	888
Total Current	484,203	481,203	357,965	123,238
Capital Outlay	331,800	334,800	155,589	179,211
Total Finance Department	816,003	816,003	513,554	302,449
Information Technology:				
Current:				
Salaries and Employee Benefits	196,839	196,839	190,815	6,024
Repairs and Maintenance	-	-	59	(59)
Contractual Services	14,975	14,975	11,373	3,602
Supplies	2,000	2,000	1,482	518
Utilities	3,642	3,642	4,805	(1,163)
Other Operating Expenses	35,323	35,323	38,314	(2,991)
Total Current	252,779	252,779	246,848	5,931
Capital Outlay	32,481	32,481	31,509	972
Total Information Technology Department	285,260	285,260	278,357	6,903
City Attorney:				
Current:				
Salaries and Employee Benefits	247,245	247,245	247,037	208
Repairs and Maintenance	-	-	-	-
Contractual Services	17,690	17,690	21,051	(3,361)
Supplies	1,000	1,000	892	108
Utilities	2,800	2,800	838	1,962
Litigation Expense	1,000	1,000	1,282	(282)
Other Operating Expenses	6,750	6,750	5,665	1,085
Total Current	276,485	276,485	276,744	(259)
Capital Outlay	2,000	2,000	1,624	376
Total City Attorney	278,485	278,485	278,368	117

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual, Continued
General Fund
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			<u>Positive (Negative) Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Government Expenditures, Continued:				
City Recorder:				
Current:				
Salaries and Employee Benefits	\$ 349,127	\$ 349,127	\$ 336,740	\$ 12,387
Repairs and Maintenance	2,000	2,000	699	1,301
Contractual Services	26,540	26,540	20,253	6,287
Supplies	3,250	3,250	3,947	(697)
Utilities	8,000	8,000	4,162	3,838
Other Operating Expenses	26,675	26,675	17,958	8,717
Total Current	415,592	415,592	383,759	31,833
Capital Outlay	138,300	141,666	60,231	81,435
Total City Recorder	553,892	557,258	443,991	113,267
Personnel Department:				
Current:				
Salaries and Employee Benefits	162,142	162,142	159,912	2,230
Repairs and Maintenance	250	250	-	250
Contractual Services	1,500	1,500	360	1,140
Supplies	1,100	1,100	955	145
Utilities	1,350	1,350	1,606	(256)
Other Operating Expenses	14,259	14,259	6,431	7,828
Total Current	180,601	180,601	169,263	11,338
Capital Outlay	2,000	2,000	1,966	34
Total Personnel Department	182,601	182,601	171,229	11,372
Codes Administration:				
Current:				
Salaries and Employee Benefits	493,963	493,963	399,272	94,691
Repairs and Maintenance	1,500	1,500	1,171	329
Contractual Services	3,096	3,096	1,007	2,089
Supplies	4,450	4,450	4,328	122
Utilities	6,400	6,400	5,061	1,339
Tornado Expenses	-	-	-	-
Other Operating Expenses	18,300	18,300	11,551	6,749
Total Current	527,709	527,709	422,390	105,319
Capital Outlay	9,900	9,900	5,582	4,318
Total Codes Administration	537,609	537,609	427,972	109,637
General Government Buildings:				
Current:				
Salaries and Employee Benefits	239,428	239,428	242,438	(3,010)
Repairs and Maintenance	15,500	15,500	12,130	3,370
Contractual Services	8,000	15,200	17,785	(2,585)
Supplies	10,300	10,300	11,357	(1,057)
Utilities	71,000	71,000	74,073	(3,073)
Tornado Expenses	-	-	-	-
Other Operating Expenses	17,100	9,900	6,992	2,908
Total Current	361,328	361,328	364,776	(3,448)
Capital Outlay	95,269	95,269	1,132	94,138
Total General Government Buildings	456,597	456,597	365,907	90,690
Risk Management:				
Current:				
Insurance	702,500	702,500	515,191	187,309
Total Current	702,500	702,500	515,191	187,309
Capital Outlay	-	-	-	-
Total Risk Management	702,500	702,500	515,191	187,309
Total General Government	8,743,068	9,094,193	5,595,444	3,498,749
Economic Development Agency:				
Current:				
Salaries and Employee Benefits	151,454	151,454	148,321	3,133
Repairs and Maintenance	1,500	1,500	1,276	224
Contractual Services	2,050	2,050	1,427	623
Supplies	2,100	2,100	1,329	771
Utilities	4,400	4,400	2,745	1,655

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual, Continued
General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
General Government Expenditures, Continued:				
Economic Development Agency: Continued				
Other Operating Expenses	\$ 80,350	\$ 101,350	\$ 75,103	\$ 26,247
Total Current	241,854	262,854	230,201	32,653
Capital Outlay	82,000	82,000	40,223	41,777
Total Economic Development Agency	323,854	344,854	270,424	74,430
Public Safety:				
Police Department:				
Current:				
Salaries and Employee Benefits	4,978,114	5,031,823	4,858,616	173,207
Repairs and Maintenance	62,500	62,500	79,279	(16,779)
Contractual Services	112,600	112,600	110,194	2,406
Supplies	54,000	54,000	51,398	2,602
Utilities	48,500	48,500	59,834	(11,334)
Other Operating Expenses	326,000	331,208	287,008	44,200
Grants	-	-	-	-
Police Special Funds:				
Supplies	-	-	-	-
Contractual Services	546,000	546,000	328,797	217,203
Shop with a Cop	-	-	-	-
Other Operating Expenses	-	-	-	-
Total Current	6,127,714	6,186,631	5,775,126	411,505
Capital Outlay	336,143	636,143	292,306	343,837
Total Police Department	6,463,857	6,822,774	6,067,433	755,341
Fire Department:				
Current:				
Salaries and Employee Benefits	3,546,731	3,442,787	3,351,737	91,050
Repairs and Maintenance	33,000	45,000	36,331	8,669
Contractual Services	395,000	391,000	15,690	375,310
Supplies	24,400	24,400	22,705	1,695
Utilities	37,000	37,000	34,818	2,183
Other Operating Expenses	92,425	92,425	74,658	17,767
Total Current	4,128,556	4,032,612	3,535,938	496,674
Capital Outlay	1,378,350	1,175,850	247,615	928,235
Total Fire Department	5,506,906	5,208,462	3,783,553	1,424,909
Total Public Safety	11,970,763	12,031,236	9,850,986	2,180,250
Animal Control:				
Current:				
Salaries and Employee Benefits	87,783	87,783	80,289	7,494
Repairs and Maintenance	800	800	976	(176)
Utilities	1,100	1,100	1,302	(202)
Supplies	1,200	1,200	903	297
Other Operating Expense	8,000	8,000	7,179	821
Total Current	98,883	98,883	90,649	8,234
Capital Outlay	37,000	37,000	36,346	654
Total Animal Control	135,883	135,883	126,995	8,888
Highway and Streets:				
Current:				
Salaries and Employee Benefits	997,827	997,827	737,497	260,330
Contractual Services	3,000	3,000	765	2,235
Supplies	89,000	108,830	109,094	(264)
Utilities	15,600	15,600	13,986	1,614
Repairs and Maintenance	127,700	168,024	112,746	55,278
Other Operating Expenses	20,150	20,150	10,516	9,634
State Street Aid:				
Street Repair Materials	117,000	87,000	67,874	19,126
Street Lighting, Signs and Signals	269,000	269,000	309,951	(40,951)
Total Current	1,639,277	1,669,431	1,362,428	307,003
Capital Outlay	190,001	287,501	260,882	26,620
Total Highway and Streets	1,829,278	1,956,932	1,623,310	333,622

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual, Continued
General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
General Government Expenditures, Continued:				
Public Works:				
Current:				
Salaries and Employee Benefits	\$ 147,888	\$ 147,888	\$ 144,955	\$ 2,933
Repairs and Maintenance	1,000	1,000	439	561
Supplies	1,000	1,000	652	348
Utilities	1,600	1,600	1,406	194
Contractual Services	-	-	-	-
Other Operating Expenses	4,443	4,443	2,225	2,218
Total Current	155,931	155,931	149,677	6,254
Capital Outlay	1,687,588	2,939,088	1,091,375	1,847,713
Total Public Works	1,843,519	3,095,019	1,241,053	1,853,966
Parks and Recreation:				
Current:				
Salaries and Employee Benefits	1,179,169	1,183,170	1,179,490	3,680
Contractual Services	30,000	30,000	17,916	12,084
Utilities	94,900	94,900	105,049	(10,149)
Repairs and Maintenance	48,500	62,512	71,937	(9,425)
Supplies	197,000	217,000	229,957	(12,957)
Other Operating Expenses	79,150	79,150	75,066	4,084
Civic Center:				
Salaries and Employee Benefits	438,517	438,517	502,903	(64,386)
Contractual Services	60,000	60,000	75,955	(15,955)
Utilities	195,700	195,700	210,954	(15,254)
Supplies	65,000	65,000	92,931	(27,931)
Repairs and Maintenance	75,000	75,000	56,894	18,106
Other Operating Expenses	47,800	47,800	26,290	21,510
Total Current	2,510,736	2,548,749	2,645,342	(98,593)
Capital Outlay	650,552	658,552	519,301	139,251
Total Parks and Recreation	3,161,288	3,207,301	3,164,643	42,658
Engineering:				
Current:				
Salaries and Employee Benefits	330,931	330,931	324,151	6,780
Contractual Services	38,000	63,900	32,900	31,000
Utilities	4,850	4,850	4,330	520
Supplies	2,250	2,250	1,690	560
Repairs and Maintenance	1,700	1,700	966	734
Other Operating Expenses	14,370	14,370	8,215	6,155
Total Current	392,101	418,001	372,252	45,749
Capital Outlay	1,502,924	1,502,924	841,042	661,882
Total Engineering	1,895,025	1,920,925	1,213,294	707,631
Community Services:				
Current:				
Appropriations to Non-Profit Organizations	88,000	88,000	88,000	-
Salaries and Employee Benefits	-	1,540	130	1,410
Other Operating Expenses	-	3,000	3,019	(19)
Grants and Donations	129,000	150,500	140,500	10,000
Total Current	217,000	243,040	231,649	11,391
Capital Outlay	-	-	-	-
Total Community Services	217,000	243,040	231,649	11,391
Vehicle Maintenance:				
Current:				
Salaries and Employee Benefits	231,486	231,486	224,866	6,620
Contractual Services	500	500	-	500
Utilities	19,097	19,097	17,258	1,839
Supplies	1,500	1,500	820	680
Repairs and Maintenance	124,500	124,500	115,428	9,072
Other Operating Expenses	11,600	11,600	6,529	5,071
Total Current	388,683	388,683	364,901	23,782
Capital Outlay	2,000	2,000	1,000	1,000
Total Vehicle Maintenance	390,683	390,683	365,901	24,782

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual, Continued
General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Positive (Negative) Variance with Final
	Original	Final		
Debt Service	\$ 636,879	\$ 636,879	\$ 1,053,229	\$ (416,350)
Total Expenditures	31,147,240	33,056,945	24,736,928	8,320,017
Excess of Revenues Over (Under) Expenditures	(5,668,446)	(7,531,404)	(2,994,156)	4,537,248
Other Financing Sources (Uses)				
Contributions	77,500	77,500	51,328	(26,172)
Insurance Proceeds	-	11,835	138,900	127,065
Operating Transfers In (Out)	534,503	534,503	1,264,490	729,987
Borrowings on Notes/Bonds	-	-	3,800,000	3,800,000
Sales of Capital Assets	5,000	5,000	16,684	11,684
Total Other Financing Sources (Uses)	<u>617,003</u>	<u>628,838</u>	<u>5,271,402</u>	<u>4,642,564</u>
Net Change in Fund Balances	(5,051,443)	(6,902,566)	2,277,246	9,179,812
Fund Balance - July 1, 2008	9,594,156	9,594,156	9,594,156	9,594,156
Prior Period Adjustment	-	-	(617,872)	(617,872)
Fund Balance - June 30, 2009	<u>\$ 4,542,713</u>	<u>\$ 2,691,590</u>	<u>\$ 11,253,530</u>	<u>\$ 18,156,096</u>

See auditors' report and notes to the financial statements.

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements
June 30, 2009

Note 1. Significant Accounting Policies

The City of Gallatin, Tennessee was incorporated November 7, 1815. The City operates under a Mayor-Alderman form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Gallatin, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

The accompanying financial statements present the government and its component unit. There are no fiduciary funds presented. Component units are entities for which the government is considered to be financially accountable. Component units, although legally separate entities, are required to be presented in the government's financial statements using either a "blended" or "discrete" presentation.

The Industrial Development Board (a Corporation) of the City of Gallatin, Tennessee was established to promote industry and develop trade for the City. The Corporation's board is appointed by the Mayor and approved by the City Council. The Corporation issues industrial development bonds for private enterprises. The bonds do not constitute debt of the City and are secured solely by revenues received from the commercial organizations on whose behalf the bonds are issued. The City must approve any debt issues of the Corporation. The Board is discretely presented as a Governmental Fund-Component Unit in the accompanying financial statements. Financial statements of the Board are available from the City Finance Director.

Related Organizations

The City's officials are also responsible for appointing the members of the board of the following organization, but the City's accountability for this organization does not extend beyond making the appointments.

Gallatin Housing Authority-The Board of the Authority is appointed by the Mayor, but the city does not provide funding, has no obligation for the debt issued by the Authority, and cannot impose its will upon the operations of the Authority. Accordingly, the Authority has not been included in the reporting entity.

Joint Venture

The City is a participant in the Sumner County Resource Authority, a joint venture, in which it retains an ongoing financial interest. The Authority is a joint venture of Sumner County and the Cities of Gallatin and Hendersonville and operates a solid waste energy recovery plant. The City has no equity interest in the Resource Authority. Complete financial statements of the Authority are available from the City Finance Director.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 1.

Significant Accounting Policies – Continued

B. Government-wide and Fund Financial Statements - Continued

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues to be available in the period for which levied if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects – WWTP – this fund is accounting for the capital funds to construct the new wastewater treatment facility using bond proceeds.

The government reports the following major proprietary funds:

Water & Sewer Fund - accounts for the water and wastewater services provided to customers of the system

Natural Gas Fund - accounts for the distribution of natural gas to customers of the system

Electric Fund - accounts for the activities of the government's electric distribution operations

Golf Course Fund - accounts for the activities of the City's municipal golf course

The City has adopted GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting". Accordingly, the City applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The City, however, has elected not to apply FASB pronouncements issued subsequent to that date.

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 1. Significant Accounting Policies – Continued

C. Measurement Focus and Basis of Accounting - Continued

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu taxes and other charges between the government's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources. Expenses are allocated among various city functions including administrative overhead charges allocated by the general fund to various city functions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds and golf course fund are charges to customers for sales and services. The Water & Sewer fund also recognizes as contributions the portion of tap fees intended to recover the cost of connecting new customers to the system. Contributions in the electric fund include federal, state and local grants in support of system improvements. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

For purposes of the proprietary statements of cash flows, the City defines its cash and cash equivalents to include only cash on hand, demand deposits, money-market accounts, deposits with the Tennessee Local Government Investment Pool, and all highly liquid investments with original maturities of three months or less from the date of acquisition. Certain cash is reported as restricted because they are maintained in separate bank accounts and their use is either limited by applicable bond covenants or represent proceeds from bond issues that are restricted for use in construction

E. Inventories

Inventory of the Water & Sewer and Gas Funds is valued at the lower of cost or market using a weighted-average flow assumption. Inventory of the Electric System is stated at average cost as determined by the moving average inventory method. Inventory of the General Fund consists of expendable supplies held for consumption. Governmental fund inventories are recorded at cost under the consumption method.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. General infrastructure assets acquired prior to July 1, 2002, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to July 1, 2002. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The Electric System values capital assets at historical cost and computes depreciation based on average rates which range from 3% to 20%. The capitalization threshold for the department is \$500.

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 1. Significant Accounting Policies – Continued

F. Capital Assets - Continued

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Infrastructure	50 years
Buildings / Structures	25-50 years
Distribution Systems	10-50 years
Equipment / Vehicles	3-10 years
Furniture / Fixtures	3-10 years

G. Property Tax

The City's property tax is levied each October 1st on the assessed value listed as the prior January 1st for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1st of the year assessments are made. Taxes become delinquent in March of the year subsequent to the levy date; at that time delinquent taxes are turned over to the City attorney for collection proceedings. Property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is doubtful.

Under GASB Statement 33, *Accounting for Non-exchange Transactions*, property taxes are imposed nonexchange revenue. Accounts receivable from imposed nonexchange transactions are recorded when the City has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date of January 1st. Therefore, the City has recorded the succeeding year's receivable and deferred revenue for taxes assessed as of June 30, 2009 that will not be received until after year-end.

H. Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and not expendable available resources.

I. Compensated Absences

Vacation pay is accumulated at the rate of one week after the first year of employment and two weeks a year for every year until year eleven, then one day is added for each year up to a maximum of 20 days. Sick leave is accumulated at the rate of one day per month (10 days per year for the Electric Fund). At retirement, an employee will be paid accumulated sick leave ranging from 20-50% based on either their age, or years of service on effective date of retirement.

J. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds and are presented in the accompanying financial statements as other assets.

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 1. Significant Accounting Policies – Continued

J. Long-Term Liabilities

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Balance Reserves

Reserves represent those portions of fund equity not appropriated for expenditure, legally segregated for a specific future use or committed to outside third parties. Designated fund balances represent tentative plans for future use of unreserved fund equity, but are subject to change.

L. Net Assets

Restricted net assets are net assets less related liabilities reported in the government-wide statement of net assets that have limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, contributors, legislation, or the other governments.

Net Assets Invested in Capital Assets Net of Related Debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

M. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash and Investments

The City has no formal deposit and investment policies other than those prescribed by State of Tennessee statute and explained below.

Policies: Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by Federal Deposit Insurance Corporation insurance (FDIC). Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. The Electric Fund requires collateralization of 110%.

Deposits: As of June 30, 2009, all of the City's deposits were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee or in the State of Tennessee Local Government Investment Pool ("LGIP"). Participating banks in the bank collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participant banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool.

The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under the additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk disclosure.

Investments: As of June 30, 2009, the City also held no investments. The electric fund held certificates of deposit with interest rates ranging from 2.28% to 4.96% and maturities exceeding three months.

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 3. Capital Assets

A summary of changes in capital assets as presented in the governmental activities column of the government-wide financial statement is as follows:

	Balance 7/1/2008		Additions		Disposals		Balance 6/30/2009
Governmental Activities							
Capital Assets not being Depreciated							
Land	\$ 7,490,413	\$	3,661,898	\$	-	\$	11,152,311
Construction in Progress	-		2,372,776		-		2,372,776
Total Capital Assets not being Depreciated	<u>\$ 7,490,413</u>	<u>\$</u>	<u>6,034,674</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>13,525,087</u>
Capital Assets being Depreciated							
Buildings	\$ 9,661,397	\$	261,508	\$	-	\$	9,922,905
Other Improvement	3,749,181		3,408,167		-		7,157,348
Infrastructure	25,020,153		-		-		25,020,153
Machinery & Equipment	4,413,960		870,592		-		5,284,552
Vehicles	7,287,277		1,147,991		-		8,435,268
Total Capital Assets being Depreciated	<u>\$ 50,131,968</u>	<u>\$</u>	<u>5,688,259</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>55,820,227</u>
Business-type Activities							
Capital Assets not being Depreciated							
Land & Right of Way	\$ 2,446,102	\$	672,314		734,034	\$	2,384,382
Water Usage Rights	54,000		-		-		54,000
Construction in Progress	1,658,422		13,938,174		1,124,686		14,471,910
Total Capital Assets not being Depreciated	<u>\$ 4,158,524</u>	<u>\$</u>	<u>14,610,488</u>	<u>\$</u>	<u>1,858,720</u>	<u>\$</u>	<u>16,910,292</u>
Capital Assets being Depreciated							
Building & Structures	\$ 3,929,027	\$	-	\$	824,949	\$	3,104,078
Distribution Systems	142,487,413		4,695,994		213,827		146,969,580
Equipment & Vehicles	4,692,470		149,108		1,093,410		3,748,168
Furniture & Fixtures	1,120,366		189,292		5,899		1,303,759
Total Capital Assets being Depreciated	<u>\$ 152,229,276</u>	<u>\$</u>	<u>5,034,395</u>	<u>\$</u>	<u>2,138,085</u>	<u>\$</u>	<u>155,125,586</u>
Governmental Activities							
Accumulated Depreciation							
Buildings & Structures	\$ 3,943,894	\$	278,807		(641,343)	\$	4,864,045
Other Improvements	673,729		220,663		-		894,392
Infrastructure	4,302,416		481,290		-		4,783,706
Equipment	3,255,314		455,953		(831,225)		4,542,492
Vehicles	5,524,552		492,184		(57,894)		6,074,630
Total Accumulated Depreciation	<u>\$ 17,699,905</u>	<u>\$</u>	<u>1,928,897</u>	<u>\$</u>	<u>(1,530,462)</u>	<u>\$</u>	<u>21,159,264</u>
Business-type Activities							
Accumulated Depreciation							
Building & Structures	\$ 1,784,222	\$	92,275	\$	611,138	\$	1,265,359
Distribution Systems	45,739,137		3,891,548		361,330		49,269,355
Equipment and Vehicles	3,612,921		282,910		883,219		3,012,611
Furniture and Fixtures	1,054,664		49,419		5,837		1,098,245
Total Accumulated Depreciation	<u>\$ 52,190,944</u>	<u>\$</u>	<u>4,316,151</u>	<u>\$</u>	<u>1,861,524</u>	<u>\$</u>	<u>54,645,570</u>
Total Governmental Activities, Net	\$ 39,922,475	\$	9,794,036	\$	1,530,462	\$	48,186,049
Total Business-type Activities, Net	\$ 104,196,856	\$	15,328,732	\$	2,135,280	\$	117,390,308

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 3. Capital Assets – Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation Expense by Function

Governmental Activities

General Government	\$ 135,293
Public Safety	406,584
Animal Control	3,728
Highways, Streets and Roadways	671,771
Public Works	26,641
Environmental Services	108,756
Parks and Recreation	561,732
Engineering	4,246
Community Services	-
Economic Development	32
Vehicle Maintenance	10,112
	<u>\$ 1,928,897</u>

Business-type Activities

Electric	\$ 1,098,686
Gas	649,265
Golf	-
Water and Sewer	2,568,200
	<u>\$ 4,316,151</u>

Note 4. Long-Term Debt

The following are summaries of long-term debt maturities of the City for the year ended June 30, 2009. Refer to page 48 for a detail of long-term debt maturities: Note that other long-term liabilities are generally liquidated using governmental activities cash.

Year Ended June 30,	Principal Due	Interest Due
2010	2,109,024	2,037,885
2011	2,134,709	1,964,623
2012	2,192,854	1,893,404
2013	2,248,038	1,810,628
2014	2,314,909	1,738,164
2015-2019	11,683,799	7,353,505
2020-2024	9,799,856	5,154,629
2025-2029	8,782,468	2,922,194
2030-2033	6,821,141	872,000
Total Long-term Debt	<u>48,086,796</u>	<u>25,747,032</u>

The following is a summary of changes to long-term liabilities during the year ended June 30, 2009

	Balance 7/1/2008	Additions	Disposals	Balance 6/30/2009	Due Within 1 Year
Governmental Activities					
Bonds and Notes Payable					
Notes Payable	\$ -	3,800,000	-	\$ 3,800,000	\$ 320,000
Revenue Bonds	\$ 9,730,000	-	\$ 425,000	\$ 9,305,000	\$ 440,000
Total Bonds and Notes Payable	<u>\$ 9,730,000</u>	<u>\$ 3,800,000</u>	<u>\$ 425,000</u>	<u>\$ 13,105,000</u>	<u>\$ 760,000</u>
Other Long-Term Liabilities					
Compensated Absences	\$ 745,625	\$ 329,415	-	\$ 1,075,040	-
Total Other Long-Term Liabilities	<u>\$ 745,625</u>	<u>\$ 329,415</u>	<u>\$ -</u>	<u>\$ 1,075,040</u>	<u>\$ -</u>
Total Governmental Activities Long-Term Liabilities	\$ 10,475,625	\$ 4,129,415	\$ 425,000	\$ 14,180,040	\$ 760,000

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 4. Long-Term Debt - Continued

Business-type Activities

Bonds and Notes Payable

Notes Payable	\$ 24,131	1,117,352	24,131	\$ 1,117,352	\$ 150,748
Revenue Bonds	\$ 7,360,000	\$ 27,444,444	\$ 940,000	\$ 33,864,444	\$ 1,198,276
Total Bonds and Notes Payable	\$ 7,384,131	\$ 28,561,796	\$ 964,131	\$ 34,981,796	\$ 1,349,024

Other Long-Term Liabilities

Compensated Absences	354,502	95,210	-	449,712	-
Total Other Long-Term Liabilities	\$ 354,502	\$ 95,210	\$ -	\$ 449,712	\$ -

Total Business-type Activities Long-Term Liabilities	\$ 7,738,633	\$ 28,657,006	\$ 964,131	\$ 35,431,508	\$ 1,349,024
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Industrial Development Bonds

The City, through its Industrial Development Board, has in the past authorized issuance of various Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from payments received on the underlying mortgage loans. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Advance Refunding of Bonds

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service requirements on the retired bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2009, outstanding bonds considered as defeased were as follows:

Sewer & Water Revenue Tax Bonds - Series 1997 (2004)	\$ 2,755,000
General Obligation Bonds - Series 1997 (2004)	\$ 1,980,000

Note 5. Pension Plan

A. Plan Description

City of Gallatin

The City (exclusive of the electric utility) administers an IRC Section 401K plan (the Plan) with a Roth option effective January 1, 2007. Employees of the City's Municipal Service departments, Water and Sewer Utility Fund, Natural Gas Utility Fund, and Municipal Golf Course Fund are eligible to participate in the Plan.

The plan assets are not held by the City and the City does not exercise a trustee responsibility over such assets nor does the City actively participate in the Plan's management or administration. Accordingly, the City does not meet the criteria necessary for presentation of the Plan as a fiduciary fund of the City.

Electric Department

The Gallatin Department of Electricity Employees' Pension Plan (the Electric Plan) is a single-employer defined benefit pension plan administered by the Gallatin Electric Power Board. The Electric Plan provides retirement, disability, and death benefits to the Electric Plan members and their beneficiaries. The Electric Plan covers substantially all Department employees. The authority to establish and amend benefit provisions of the Electric Plan is assigned to the Gallatin Electric Power Board. The Electric Plan issues a separate financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Acuff & Associates, 210 Westwood Place, Suite 100, Brentwood, TN 37027 or by calling 1-615-726-2410.

B. Funding Policy

City of Gallatin

The Plan allows employees to make tax deferred contributions into self-directed investments of as much as allowable under the internal revenue code. From July 1, 2008 to June 30, 2009, the City contributed 5% of the employee's annual compensation and matched up to an additional 4% of the employee's contribution.

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Electric Department

The contribution requirements of Electric Plan members and the department are established and may be amended by the Gallatin Electric Power Board. Electric Plan members are required to contribute 3% of their annual covered salary. The Department is required to contribute at an actuarially determined rate. The current rate is 13.63% of annual covered payroll.

C. Annual Pension Cost

City of Gallatin

The maximum contribution to the Plan by the City is defined as up to 6% of an eligible employee's annual compensation. The City contributed \$1,099,571.49 on behalf of the employees during 2009.

Electric Department

For 2009, the Department's annual pension cost of \$216,100 was equal to the Department's required and actual contributions. The required contribution was determined as part of the July 1, 2008 actuarial valuation using the aggregate cost method. The actuarial assumptions included (a) 7.0% investment rate of return, (b) projected salary increases of 4% per year, and (c) 1.5% per year cost-of-living adjustments. The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 216,100	100.00%	\$ -
6/30/2008	\$ 182,885	100.00%	\$ -
6/30/2007	\$ 181,358	100.00%	\$ -

Funding Status and Funding Progress:

Actuarial Accrued Liability (AAL)	\$ 4,634,483
Actuarial Value of Plan Assets (a)	\$ 4,468,165
Unfunded Actuarial Accrued Liability (UAAL)	\$ 166,318
Funded Ratio (a)/AAL	96.4%
Covered Payroll (Active Plan Members)	\$ 1,272,267
UAAL as % of Covered Payroll	13.1%

Note 6. Other Post-Employment Benefits-Electric Fund

A. Plan Description

The Electric Fund provides post-employment benefits in the form of supplemental health insurance premium reimbursements to eligible retirees under the Post-Retirement Medical Plan ("PRMP"). The PRMP is a single employer defined benefit plan administered by the department. The criteria to determine eligibility include years of service and employee age at date of retirement. Eligible retirees may receive up to \$150 per month for reimbursement of their supplemental health insurance premiums. The PRMP issues a separate financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Acuff & Associates, 210 Westwood Place, Suite 100, Brentwood, TN 37027 or by calling 1-615-726-2410.

B. Funding Policy

The PRMP funds the benefits on a pay-as-you-go basis. The actuarial required contribution for the year was \$23,663 and the actual amount contributed was \$17,100.

C. Annual Pension Cost

For 2009, the PRMP's annual cost of \$17,100 was less than the PRMP's actuarial required contribution of \$23,663. The required contribution was determined as part of the July 1, 2008 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 3.0% interest per year, compounded annually, net of expenses (b) all employees will retire at age 65. The current ARC rate is 1.74% of annual covered payroll.

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 6. Other Post-Employment Benefits-Electric Fund - Continued
Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2009	\$ 23,663	72.30%	\$ 6,563
Funding Status and Funding Progress:			
Actuarial Accrued Liability (AAL)			\$ 309,700
Actuarial Value of Plan Assets (a)			\$ -
Unfunded Actuarial Accrued Liability (UAAL)			\$ 309,700
Funded Ratio (a)/AAL			0.0%
Covered Payroll (Active Plan Members)			\$ 1,357,271
UAAL as % of Covered Payroll			22.8%

Note 7. Risk Management

The City is exposed to various risks to general liability and property and casualty losses. The City deems it was more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty and workman's compensation coverage. The City participates in the TML Risk Management Pool which is a public entity risk pool established by the Tennessee Municipal League, an association of member Cities. The City pays an annual premium to the TML for its general liability and casualty insurance coverage.

The Department of Electricity purchases commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, casualty, workman's compensation coverage and employee health and accident. Settled claims for these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8. Commitments, Concentrations and Contingencies

A. Commitments

Natural Gas Fund

The City purchases natural gas under various contracts requiring the purchase of minimum quantities of natural gas from suppliers at costs based upon national index prices. Natural gas purchases exceeding the specified minimum quantities are made at the going market value. City management believes any risk associated with minimum purchase quantities as specified in the aforementioned contracts to be minimal. Further, the City is committed under various natural gas transportation agreements requiring specified minimum transmission capacities.

Electric Fund

The City purchased discounted energy units (DEU) from the Tennessee Valley Authority (TVA) during 2003 whereby they would prepay a portion of the price of a block of kilowatt hour yet to be supplied by TVA. The DEU are being recognized on a straight-line method over 10 years.

Sumner County Resource Authority

The City has entered into an agreement with the Sumner County Resource Authority (the Authority), a joint venture between the City, Sumner County, TN and the City of Hendersonville, TN which provides that in the event the Authority's revenues are insufficient to cover the costs of operation and debt retirement the County and Cities shall pay such deficit in the proportions of 3/7, 2/7, and 2/7, respectively. These same entities have executed a "Contract in Lieu of Performance Bond" with the State of Tennessee for financial assurance of the closure and post closure costs of the landfill should the Authority be unable to do so.

The Authority operates primarily as a solid waste transfer station. The City utilizes the Authority for solid waste disposal purposes at essentially the same cost per ton as in prior years. There is uncertainty as to the future operations of the Authority, as well as, the costs relative to the change in operations, or possible dissolution.

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 8. Commitments, Concentrations and Contingencies - Continued

B. Commitments - Continued

The Authority, as of June 30, 2009, has net assets invested in capital assets (net of related debt) in the amount of \$2,610,358 and an unrestricted net deficit of (\$1,181,247) as compared to \$2,766,377 and (\$1,161,226) for the year 2008. During 2009, the City provided deficit funding in the amount of \$0 and paid the Resource Authority \$455,720 in tipping fees. Deficit funding and tipping fees amounted to \$0 and \$468,082, respectively for 2008.

C. Concentrations

The business-type activities have a concentration of accounts receivable with customers who are geographically concentrated in the City service area. The business-type activities require a cash deposit from new customers or a letter of credit from a previous utility company showing timely payment of bills. These requirements are in place to mitigate the risk of uncollectible accounts. During the year ended June 30, 2009, The City supplied utility services to a corporation accounting for 2% of Water and Sewer Fund operating revenues, 26% of natural gas operating revenues and 14% of electric fund operating revenues.

D. Contingencies

There are pending lawsuits in which the City is involved. The City attorney estimates that potential claims against the City resulting from such litigation would not materially affect the accompanying financial statements of the City.

Note 9. Interfund Balances and Transfers

Interfund balances as of June 30, 2009, consist of the following:

Due From Fund	Due to Fund							Total
	General Fund	Environmental Services	Other Governmental	Electric	Gas	Golf	Water & Sewer	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Environmental Services	-	-	-	-	-	-	-	-
Other Governmental Funds	-	-	-	-	-	-	-	-
Electric	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-
Golf	-	-	-	-	-	-	-	-
Water & Sewer	26,700	-	13,807,547	-	-	-	-	13,834,247
	<u>\$ 26,700</u>	<u>\$ -</u>	<u>\$ 13,807,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,834,247</u>

The net balance of \$26,700 due to the general fund from the water and sewer fund resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. It will be collected within one year. The net balance of \$13,807,547 is for an ongoing construction project of a wastewater treatment facility. The interfund balance will be repaid at the completion of the project which is beyond one year.

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Transfer From	Transfer To:							Total
	General Fund	Environmental Services	Other Governmental	Electric	Gas	Golf	Water & Sewer	
General Fund	\$ -	\$ 149,456	\$ 826	\$ -	\$ -	181,060	\$ -	\$ 331,342
Environmental Services	-	-	-	-	-	-	-	-
Other Governmental Funds	343,531	-	-	-	-	-	-	343,531
Electric	564,555	-	-	-	-	-	-	564,555
Gas	267,686	-	-	-	-	-	-	267,686
Golf	-	-	-	-	-	-	-	-
Water & Sewer	420,060	-	-	-	-	-	-	420,060
	<u>\$ 1,595,832</u>	<u>\$ 149,456</u>	<u>\$ 826</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,060</u>	<u>\$ -</u>	<u>\$ 1,927,174</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers above were within these guidelines.

CITY OF GALLATIN, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2009

Note 10. Fund Balances- Reserves and Designations and Prior Period Adjustment

The City records reserves to indicate that a portion of the governmental fund balances are legally segregated. The following is a description of the reserved amounts:

Reserved for Inventory - Amounts are reserved for supply inventory are not readily convertible to spendable resources and accordingly, not available for appropriation.

Reserved for Drug Fund - Amounts are reserved for police operations for drug and sex-offender programs as required by state enabling legislation.

Reserved for Endowment- Amounts are segregated for the non-expendable corpus, as established by court decree for fund balances of the Thomas A. Witherspoon Educational Memorial Trust Fund in the amounts of \$15,000. All net appreciation on investments of donor-restricted endowments is available for authorization for expenditure by the governing board, and is reported as interest income.

Designations of governmental fund balances are not legally required segregations but are segregated by the City's management for specific purposes. As of June 30, 2009 the City's designated unreserved fund balances are described as follows:

Designated for Capital Projects- The designation of a portion of the governmental fund balances for the future acquisition of capital assets appropriated in a previous year but not expended. Such amounts are subject to change and may not result in the exact amount indicated being expended.

Designated for Other- The City purposely excludes 20% of general fund revenues for future use as determined by the governing body and requires a supermajority of votes by the governing body to appropriate.

The governmental fund balances was restated as of the beginning of the fiscal year from \$15,024,354 to \$14,447,441 a decrease of \$576,913. The decrease is a result of various corrections of errors found in notes receivable and compensated absences totaling \$54,323. The remaining \$522,590 is a result of closing the golf fund (an enterprise fund) into the general fund.

Note 11. Net Assets

Restricted assets consist of the following:

Restricted for Endowment- Amounts are segregated for the non-expendable corpus, as established by court decree for fund balances of the Thomas A. Witherspoon Educational Memorial Trust Fund in the amounts of \$15,000. All net appreciation on investments of donor-restricted endowments is available for authorization for expenditure by the governing board, and is reported as interest income.

Restricted for Drug Fund - Amounts are reserved for police operations for drug and sex-offender programs as required by state enabling legislation.

Net assets were restated as of the beginning of the fiscal year from \$162,494,888 to \$161,904,668 a decrease of \$590,220. The decrease is a result of various corrections of errors found in notes receivable and compensated absences totaling \$590,220.

CITY OF GALLATIN, TENNESSEE
Schedule of Funding Progress
Electric Fund Pension Plan
June 30, 2009

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL/ Surplus (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a % of Covered Payroll ((b-a)/c)	Investment Assumption
6/30/2008	7/1/2007	\$ 4,468,165	(b) 4,634,483	(b-a) (166,318)	96%	1,272,267	13%	7%
6/30/2006	7/1/2005	\$ 3,908,037	3,819,632	(88,405)	102%	1,201,722	-7%	7%
6/30/2004	7/1/2003	\$ 3,529,647	3,251,778	(277,869)	109%	1,200,575	-23%	7%
6/30/2002	7/1/2001	\$ 3,191,483	2,738,451	(453,032)	117%	1,101,779	-41%	7%

Fiscal Year Ended	Actuarial Method	Amortization Period	Market Value Assets	Annual Required Contribution (ARC)	Actual Contribution	Net Pension Obligation/ (Asset) NPO	% of ARC Contributed	Salary Assumption
6/30/2007	Aggregate Costs	N/A	\$ 4,516,491	\$ 181,358	\$ 181,358	0	100%	4%
6/30/2005	Aggregate Costs	N/A	\$ 3,959,468	\$ 133,442	\$ 133,442	0	100%	4%
6/30/2003	Aggregate Costs	N/A	\$ 3,461,801	\$ 102,917	\$ 102,917	0	100%	4%
6/30/2002	Aggregate Costs	N/A	\$ 3,229,064	\$ 98,086	\$ 98,086	0	100%	4%
6/30/2001	Aggregate Costs	N/A	\$ 3,194,878	\$ 81,889	\$ 81,889	0	100%	4%

CITY OF GALLATIN, TENNESSEE
Schedule of Funding Progress
Electric Fund Post Retirement Medical Plan
June 30, 2009

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Projected Unit Credit	Unfunded AAL/ Surplus (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a % of Covered Payroll ((b-a)/c)
6/30/2009	7/1/2008	\$ -	(b) 309,700	(b-a) (309,700)	0%	1,357,271	22.8%

See auditors' report and notes to required supplementary information.

City of Gallatin, Tennessee
Notes to Required Supplementary Information
June 30, 2009

Note 1. Budget Basis

Budgets for the General Fund and Special Revenue Funds are adopted on the modified accrual basis consistent with generally accepted accounting principles (GAAP).

Note 2. Budget Policies and Procedures

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to year end, the Director of Finance and Mayor submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments on the budget.
- C. Prior to June 30, the budget is legally enacted through passage of an ordinance.
- D. The Department Heads are authorized to transfer budgeted amounts within their departments; however, any revisions that alter the total expenditures of any department function or fund must be approved by the City Council.
- E. Formal Budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund.
- F. Budgeted amounts are as originally adopted, or as amended by the City Council. Budget appropriations lapse at year end.

Note 3. Budget Overages

As of June 30, 2009, the following budget overages were noted. Funding of any deficiencies is the ultimate responsibility of the City of Gallatin, Tennessee.

Fund/Department	Final Budget	Actual	Overage
n/a			

CITY OF GALLATIN, TENNESSEE
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2009

	Special Revenue Funds				Non-major Capital Projects Funds		Thomas A. Witherspoon Educational Memorial Trust Fund		Total Non-major Governmental Funds	
	Special Funds	Drug Fund	Environmental Services Fund	Capital Projects 2007 G.O Bond Fund	Industrial Park Fund			Cemetery Trust Fund		
Assets										
Cash and Cash Equivalents	\$ 305,833	\$ (75,463)	\$ (182,049)	\$ 2,351,080	\$ 70,117	\$ 74,052	\$ 24,241	\$ 2,567,811		
Receivables, net	12,867	-	63,652	-	-	270,703	-	347,022		
Due From Other Funds	-	-	-	-	-	-	-	-		
Inventory	-	-	8,387	-	-	-	-	-		8,387
Total Assets	\$ 318,501	\$ (75,463)	\$ (110,009)	\$ 2,351,080	\$ 70,117	\$ 344,755	\$ 24,241	\$ 2,523,221		
Liabilities and Fund Equity										
Liabilities										
Accounts Payable	\$ 56,513	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 56,612		
Due To Other Funds	-	-	-	-	-	-	-	-		
Accrued Liabilities	102,641	-	18,579	-	-	-	-	121,220		
Total Liabilities	159,154	-	18,678	-	-	-	-	177,832		
Fund Balances										
Unreserved	159,347	(75,463)	(137,075)	2,351,080	70,117	329,755	24,241	2,722,002		
Designated for Specific Projects	-	-	8,387	-	-	-	-	8,387		
Reserved For	-	-	-	-	-	-	-	-		
Inventory	-	-	-	-	-	-	-	-		
Endowments	-	-	-	-	-	-	-	-		
Total Fund Balances	159,347	(75,463)	(128,687)	2,351,080	70,117	344,755	24,241	2,745,389		
Total Liabilities and Fund Balances	\$ 318,501	\$ (75,463)	\$ (110,009)	\$ 2,351,080	\$ 70,117	\$ 344,755	\$ 24,241	\$ 2,523,221		

CITY OF GALLATIN, TENNESSEE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds				Capital Projects Funds			Thomas A. Witherspoon Educational Memorial Trust Fund		Total Non-major Governmental Funds
	Special Funds	Drug Fund	Environmental Services Fund	Projects 2007 G.O Bond Fund	Industrial Park Fund	Cametary Trust Fund				
Revenues										
Charges for Services	\$ 36,502	\$ -	\$ 1,119,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,119,029	
Intergovernmental Grants	929	-	(31,691)	82,964	-	-	-	-	87,755	
Investment Income	5,960	1,499	-	72,943	145	-	-	9,910	92,926	
Fines and Forfeitures		147,063	-	-	-	-	-	-	153,023	
Miscellaneous										
Other Revenue	-	-	5,082	-	-	-	-	-	5,082	
Total Revenues	43,390	148,562	1,092,421	155,897	145	9,910	7,500		1,457,825	
Expenditures										
Salaries, Taxes and Benefits	140,307	-	661,706	-	-	-	-	-	802,013	
Repairs and Maintenance	-	-	51,427	-	-	-	-	-	51,427	
Insurance	-	-	21,000	-	-	-	-	-	21,000	
Other Contractual Services	-	-	415,161	-	-	-	-	-	415,161	
Utilities	-	-	7,332	-	-	-	-	-	7,332	
Supplies	3,259	-	50,753	-	-	291	-	-	54,303	
Other Current Operating	10,190	224,026	115,918	-	-	-	-	-	350,133	
Capital Outlay	42,480	-	105,840	2,371,807	60,825	-	-	-	2,580,953	
Total Expenditures	196,237	224,026	1,429,136	2,371,807	60,825	291	-		4,262,322	
Excess of Revenues Over (Under) Expenditures	(152,846)	(75,463)	(336,715)	(12,215,909)	(60,680)	9,619	7,500		(2,824,496)	
Other Financing Sources (Uses)										
Contributions	11,828	-	-	-	-	-	-	-	11,828	
Operating Transfers in (Out)	-	-	149,456	(343,531)	-	-	-	826	(193,249)	
Total Other Financing Sources (Uses)	11,828	-	149,456	(343,531)	-	-	-	826	(181,421)	
Net Change in Fund Balances	(141,018)	(75,463)	(187,259)	(2,559,440)	(60,680)	9,619	8,326		(3,005,917)	
Fund Balance - July 1, 2008	300,366	-	32,944	4,751,551	274,436	335,136	15,915		5,710,348	
Prior Period Adjustment	-	-	25,628	158,970	(143,639)	-	-		40,959	
Fund Balances - June 30, 2009	\$ 159,347	\$ (75,463)	\$ (128,687)	\$ 2,351,080	\$ 70,117	\$ 344,755	\$ 24,241		\$ 2,745,389	

CITY OF GALLATIN, TENNESSEE
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Non-Major Special Revenue Funds
For the Year Ended June 30, 2009

	Special Funds			
	Budgeted Amounts		Actual	Positive (Negative) Variance with Final
	Original	Final		
Revenues				
Intergovernmental Grants	\$ 68,565	\$ 68,565	\$ 36,502	\$ (32,063)
Fines and Forfeitures	3,000	3,000	5,960	2,960
Interest Earnings	-	-	929	929
Total Revenues	<u>71,565</u>	<u>71,565</u>	<u>43,390</u>	<u>(28,175)</u>
Expenditures				
Current:				
Salaries, Taxes and Benefits	21,317	121,788	140,307	(18,519)
Supplies	10,280	10,280	3,259	7,021
Drug Operating Supplies	46,000	46,000	10,190	35,810
Capital Outlay	4,761	23,090	42,480	(19,390)
Total Expenditures	<u>82,358</u>	<u>201,158</u>	<u>196,237</u>	<u>4,921</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,793)</u>	<u>(129,593)</u>	<u>(152,846)</u>	<u>(23,253)</u>
Other Financing Sources (Uses)				
Contributions	5,000	5,000	11,828	6,828
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>11,828</u>	<u>6,828</u>
Net Change in Fund Balances	<u>(5,793)</u>	<u>(124,593)</u>	<u>(141,018)</u>	<u>(16,425)</u>
Fund Balance - July 1, 2008	<u>-</u>	<u>-</u>	<u>300,366</u>	<u>300,366</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - June 30, 2009	<u>\$ (5,793)</u>	<u>\$ (124,593)</u>	<u>\$ 159,347</u>	<u>\$ 283,940</u>

CITY OF GALLATIN, TENNESSEE
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Non-Major Special Revenue Funds
For the Year Ended June 30, 2009

	Drug Fund			
	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Fines and Forfeitures	200,000	200,000	147,063	\$ (52,937)
Interest Earnings	1,000	1,000	1,499	499
Total Revenues	201,000	201,000	148,562	(52,438)
Expenditures				
Current:				
Drug Operating Supplies	326,000	326,000	224,026	101,974
Total Expenditures	326,000	326,000	224,026	101,974
Excess of Revenues Over (Under) Expenditures	(125,000)	(125,000)	(75,463)	49,537
Net Change in Fund Balances	(125,000)	(125,000)	(75,463)	49,537
Fund Balance - July 1, 2008	-	-	-	-
Fund Balances - June 30, 2009	\$ (125,000)	\$ (125,000)	\$ (75,463)	\$ 49,537

	Environmental Services Fund			
	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Charges for Services	\$ 1,106,000	\$ 1,106,000	\$ 1,119,029	\$ 13,029
Intergovernmental Grants	-	4,832	(31,691)	(36,523)
Investment Income	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous:				-
Other Revenue	500	5,114	5,082	(32)
Total Revenues	1,106,500	1,115,946	1,092,421	(23,525)
Expenditures				
Salaries, Taxes and Benefits	689,005	689,005	661,706	27,299
Repairs and Maintenance	58,250	62,864	51,427	11,437
Insurance	19,800	19,800	21,000	(1,200)
Other Contractual Services-Tipping Fees	493,500	493,500	415,161	78,339
Utilities	7,250	7,250	7,332	(82)
Supplies	51,000	51,000	50,753	247
Other Current Operating	96,867	101,699	115,918	(14,219)
Capital Outlay	107,000	107,000	105,840	1,160
Total Expenditures	1,522,672	1,532,118	1,429,136	102,982
Excess of Revenues Over (Under) Expenditures	(416,172)	(416,172)	(336,715)	79,457
Other Financing Sources (Uses)				
Operating Transfers In (Out)	416,172	416,172	149,456	(266,716)
Total Other Financing Sources (Uses)	416,172	416,172	149,456	(266,716)
Net Change in Fund Balances	-	-	(187,259)	(187,259)
Fund Balance - July 1, 2008	32,944	32,944	32,944	-
Prior Period Adjustment	25,628	25,628	25,628	-
Fund Balance - June 30, 2009	\$ 58,572	\$ 58,572	\$ (128,687)	\$ (187,259)

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Capital Projects Fund - Industrial Park and 2007 G.O. Bond Funds
For the Year Ended June 30, 2009**

Industrial Park Fund

	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Interest Earnings	\$ 2,000	\$ 2,000	\$ 145	\$ (1,855)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>145</u>	<u>(1,855)</u>
Expenditures				
Current:				
Capital Outlay	100,000	135,276	60,825	74,451
Total Expenditures	<u>100,000</u>	<u>135,276</u>	<u>60,825</u>	<u>74,451</u>
Excess of Revenues Over (Under) Expenditures	(98,000)	(133,276)	(60,680)	72,596
Net Change in Fund Balances	(98,000)	(133,276)	(60,680)	72,596
Fund Balance - July 1, 2008	<u>274,436</u>	<u>274,436</u>	<u>274,436</u>	<u>-</u>
Prior Period Adjustment	<u>(143,639)</u>	<u>(143,639)</u>	<u>(143,639)</u>	<u>-</u>
Fund Balances - June 30, 2009	<u>\$ 32,797</u>	<u>\$ (2,479)</u>	<u>\$ 70,117</u>	<u>\$ 72,596</u>

2007 G.O. Bond Fund

	Budgeted Amounts			Positive (Negative) Variance with Final
	Original	Final	Actual	
Revenues				
Intergovernmental Grants	\$ -	\$ -	\$ 82,954	\$ 82,954
Investment Income	200,000	200,000	72,943	(127,057)
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>155,897</u>	<u>(44,103)</u>
Expenditures				
Capital Outlay	5,045,344	4,813,309	2,371,807	2,441,502
Total Expenditures	<u>5,045,344</u>	<u>4,813,309</u>	<u>2,371,807</u>	<u>2,441,502</u>
Excess of Revenues Over (Under) Expenditures	(4,845,344)	(4,613,309)	(2,215,909)	2,397,400
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(200,000)	(200,000)	(343,531)	(143,531)
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(343,531)</u>	<u>(143,531)</u>
Net Change in Fund Balances	(5,045,344)	(4,813,309)	(2,559,440)	2,253,869
Fund Balance - July 1, 2008	<u>4,751,551</u>	<u>4,751,551</u>	<u>4,751,551</u>	<u>-</u>
Prior Period Adjustment	<u>158,970</u>	<u>158,970</u>	<u>158,970</u>	<u>-</u>
Fund Balances - June 30, 2009	<u>\$ (134,823)</u>	<u>\$ 97,212</u>	<u>\$ 2,351,080</u>	<u>\$ 2,253,869</u>

See auditors' report.

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual Non-major Permanent Funds
Thomas A. Witherspoon Educational Memorial Trust Fund and Cemetary Trust Fund
For the Year Ended June 30, 2009

Thomas A. Witherspoon Educational Memorial Trust Fund			
	Budgeted Amounts		Positive (Negative) Variance with Final
	Original	Final	Actual
Revenues			
Interest Earnings on Savings	\$ 6,500	\$ 6,500	\$ 9,910
Total Revenues	6,500	6,500	9,910
Expenditures			
Current:			
Supplies	-	-	291
Total Expenditures	-	-	291
Excess of Revenues Over (Under) Expenditures	6,500	6,500	9,619
Net Change in Fund Balances	6,500	6,500	9,619
Fund Balance - July 1, 2008	335,136	335,136	335,136
Fund Balances - June 30, 2009	\$ 341,636	\$ 341,636	\$ 344,755

Cemetary Trust Fund			
	Budgeted Amounts		Positive (Negative) Variance with Final
	Original	Final	Actual
Revenues			
Interest Earnings	\$ 3,672	\$ 3,672	\$ 7,500
Total Revenues	3,672	3,672	7,500
Expenditures			
Current:			
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	3,672	3,672	7,500
Other Financing Sources (Uses)			
Operating Transfers In (Out)	(3,672)	(3,672)	826
Total Other Financing Sources (Uses)	(3,672)	(3,672)	826
Net Change in Fund Balances	-	-	8,326
Fund Balance - July 1, 2008	15,915	15,915	15,915
Fund Balances - June 30, 2009	\$ 15,915	\$ 15,915	\$ 24,241

See auditors' report.

CITY OF GALLATIN, TENNESSEE
Schedule of Expenditures of Federal and State Financial Assistance
For the Year Ended June 30, 2009

Grantor Agency	CFDA Number	Program Name	Beginning (Accrued) Deferred	Cash Receipts	Expenditures	Ending (Accrued) Deferred
Federal Awards						
Greenway Phase I	CM-9306(12)	Town Creek Greenway Phase I	(5,760)	11,552	(19,911)	(14,119)
Greenway Phase II	CM-9306(12)	Town Creek Greenway Phase II	(10,301)	6,353	(46,285)	(50,233)
Federal Emergency Management Agency	97 036	Z-06-034036-01	(316,925)	316,925	-	-
Department of Transportation, Federal	20 205	Downtown Streetscape Phase I	-	-	-	-
Highway Administration	20 205	Downtown Streetscape Phase II	-	-	(201,239)	(201,239)
Downtown Streetscape Phase II	EMW-2005-FG-07360	05 Assistance to Firefighters	(12,000)	12,000	(573,531)	(573,531)
US Dept of Homeland Security	16 738	FY 09 Edward Byrne Memorial Justice	20,971	20,971	(41,942)	-
US Dept of Justice 2009 DJ BX 0556	unknown	Assistance Grant Program G.U.N.S	2,000	-	(2,000)	-
TML Safety Grant	16 607	annual TML safety program	(155)	22,200	(6,002)	-
The Federal Bureau of Investigation	no activity by June 30, 2008	Nashville Violent Crime Task Force Grant	2,660	-	-	22,045
OJP BJA 2008 BVP		Body Armor Replacement	(319,510)	390,001	(890,910)	(6,002)
Youth Community Empowerment						2,660
Total Federal Awards						(820,419)
State Financial Assistance						
Tennessee Department of Transportation	40234	Big Station Camp Creek	(5,282)	82,954	(119,531)	(41,859)
Tennessee Department of Transportation	unknown	SR25-SR6 Right Turn (Red River Road)	(2,600)	2,600	-	-
Farmers Market	DG-08-22849-00/	Gallatin Farmers Market	-	9,900	(88,498)	(78,598)
TN Dept of Transportation	Z-08-201334-00	Help Us Keep You Safe	(35,796)	35,796	-	-
TN Dept of Transportation	Z-07-035805-000	Governor's Highway Safety Office #1	(1,311)	1,311	-	-
TN Dept of Transportation	Z-08-023707-00	Governor's Highway Safety Office #2	4,386	4,201	-	-
TN Dept of Transportation	Z-07-035681-00	Governor's Highway Safety Office #3	(4,423)	17,194	(8,587)	-
TN Dept of Transportation	Z-07-036306-00	Governor's Highway Safety Office #4	(43,923)	48,830	(12,771)	-
TN Dept of Transportation	Z-08-023673-00	Highway Safety Grant	592	-	(4,907)	-
TN Dept of Transportation	PT-09-65/15AL-09-45	N/A	-	-	(592)	-
TN Dept of Environment and Conservation	LWCF Grant #47-00788	Triple Creek Walking Trail & Restrooms /	-	23,834	(36,502)	(12,668)
Tennessee Housing Development Agency	14 239	Land Water Park Grant	(71,582)	57,907	(29,190)	(42,865)
Tennessee Historical Commission	R0508-027	Home Grant 2006	7,629	-	(7,629)	-
Tennessee Secretary of State	SB2334/HB2353	Historical Preservation Grant	-	2,800	(2,800)	-
		Community Enhancement Grant	4,540	4,540	(9,080)	-
Total State Financial Assistance						
			(147,770)	291,867	(320,087)	(175,990)
Total Federal Awards and State Financial Assistance						
			\$ (467,280)	\$ 681,869	\$ (1,210,997)	\$ (996,408)

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Financial Assistance summarizes the expenditures of the City of Gallatin, Tennessee under the programs of the federal and state governments for the year ended June 30, 2009. The schedule is presented using the modified accrual basis of accounting.

Note 2. Non-Cash Assistance

For the year ended June 30, 2009, there were no Federal or State awards expended in the form of non-cash assistance.

CITY OF GALLATIN, TENNESSEE
Schedule of Long-Term Debt, Principal, and Interest Requirements
By Fiscal Year
June 30, 2009

Fiscal Year Ended June 30,	Governmental Activities							
	Capital Outlay Note- 2009		General Obligation Refunding Series - 2004		General Obligation Public Improvement Bonds - 2007		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	320,000	156,585	325,000	51,170	115,000	314,969	760,000	522,724
2011	330,000	140,381	315,000	42,776	130,000	310,369	775,000	493,526
2012	340,000	128,006	310,000	34,570	150,000	305,169	800,000	467,745
2013	355,000	116,106	350,000	25,883	130,000	299,169	835,000	441,158
2014	365,000	102,794	345,000	15,895	150,000	293,969	860,000	412,658
2015	380,000	89,106	335,000	5,360	180,000	287,969	895,000	382,435
2016	400,000	73,906	-	-	430,000	278,969	830,000	352,875
2017	415,000	56,906	-	-	445,000	257,469	860,000	314,375
2018	435,000	40,306	-	-	465,000	235,219	900,000	275,525
2019	460,000	21,275	-	-	485,000	211,969	945,000	233,244
2020	-	-	-	-	500,000	191,356	500,000	191,356
2021	-	-	-	-	525,000	170,106	525,000	170,106
2022	-	-	-	-	545,000	147,794	545,000	147,794
2023	-	-	-	-	565,000	124,631	565,000	124,631
2024	-	-	-	-	590,000	102,031	590,000	102,031
2025	-	-	-	-	615,000	78,431	615,000	78,431
2026	-	-	-	-	640,000	53,831	640,000	53,831
2027	-	-	-	-	665,000	27,431	665,000	27,431
Total	\$ 3,800,000	\$ 925,373	\$ 1,980,000	\$ 175,654	\$ 7,325,000	\$ 3,690,850	\$ 13,105,000	\$ 4,791,877

Fiscal Year Ended June 30,	Business-Type Activities							
	Water & Sewer Revenue & Tax Bonds - 2008		Water & Sewer 2008 Bond Premium		Water & Sewer Revenue & Tax Bonds - 2004		Water & Sewer Revenue & Tax Bonds - 2003	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	575,000	1,207,800	83,276	-	330,000	78,294	210,000	162,026
2011	600,000	1,187,675	68,961	-	325,000	69,700	215,000	155,726
2012	650,000	1,166,675	57,106	-	315,000	61,294	220,000	148,739
2013	675,000	1,143,925	47,290	-	310,000	53,094	230,000	141,589
2014	725,000	1,120,300	39,161	-	305,000	44,256	235,000	130,089
2015	775,000	1,094,925	32,429	-	300,000	34,881	245,000	119,808
2016	800,000	1,067,800	26,854	-	295,000	25,103	255,000	110,988
2017	850,000	1,037,800	22,238	-	290,000	15,050	265,000	101,553
2018	900,000	1,003,800	18,415	-	285,000	4,988	275,000	91,483
2019	955,000	967,800	15,250	-	-	-	285,000	80,757
2020	990,000	929,600	12,628	-	-	-	300,000	69,358
2021	1,035,000	887,525	10,458	-	-	-	310,000	57,058
2022	1,075,000	846,125	8,660	-	-	-	325,000	44,038
2023	1,120,000	797,750	7,171	-	-	-	340,000	30,063
2024	1,180,000	741,750	5,939	-	-	-	355,000	15,443
2025	1,240,000	682,750	4,918	-	-	-	-	-
2026	1,300,000	620,750	4,072	-	-	-	-	-
2027	1,365,000	555,750	3,372	-	-	-	-	-
2028	1,435,000	487,500	2,793	-	-	-	-	-
2029	1,505,000	415,750	2,313	-	-	-	-	-
2030	1,580,000	340,500	1,915	-	-	-	-	-
2031	1,660,000	261,500	1,586	-	-	-	-	-
2032	1,740,000	178,500	1,313	-	-	-	-	-
2033	1,830,000	91,500	6,326	-	-	-	-	-
Total	\$ 26,560,000	\$ 18,835,750	\$ 484,444	\$ -	\$ 2,755,000	\$ 386,660	\$ 4,065,000	\$ 1,458,718

Fiscal Year Ended June 30,	Business-Type Activities					
	Electric Fund		Total		Total Business-Type & Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	150,748	67,041	1,349,024	1,515,161	2,109,024	2,037,885
2011	150,748	57,996	1,359,709	1,471,097	2,134,709	1,964,623
2012	150,748	48,951	1,392,854	1,425,659	2,192,854	1,893,404
2013	150,748	30,862	1,413,038	1,369,470	2,248,038	1,810,628
2014	150,748	30,862	1,454,909	1,325,507	2,314,909	1,738,164
2015	150,748	21,817	1,503,177	1,271,431	2,398,177	1,653,866
2016	150,748	12,772	1,527,602	1,216,663	2,357,602	1,569,538
2017	62,116	3,727	1,489,354	1,158,130	2,349,354	1,472,505
2018	-	-	1,478,415	1,100,271	2,378,415	1,375,796
2019	-	-	1,255,250	1,048,557	2,200,250	1,281,801
2020	-	-	1,302,628	998,958	1,802,628	1,190,314
2021	-	-	1,355,458	944,583	1,880,458	1,114,689
2022	-	-	1,408,660	890,163	1,953,660	1,037,957
2023	-	-	1,467,171	827,813	2,032,171	952,444
2024	-	-	1,540,939	757,193	2,130,939	859,224
2025	-	-	1,244,918	682,750	1,859,918	761,181
2026	-	-	1,304,072	620,750	1,944,072	674,581
2027	-	-	1,368,372	555,750	2,033,372	583,181
2028	-	-	1,437,793	487,500	1,437,793	487,500
2029	-	-	1,507,313	415,750	1,507,313	415,750
2030	-	-	1,581,915	340,500	1,581,915	340,500
2031	-	-	1,661,586	261,500	1,661,586	261,500
2032	-	-	1,741,313	178,500	1,741,313	178,500
2033	-	-	1,836,326	91,500	1,836,326	91,500
Total	\$ 1,117,352	\$ 274,027	\$ 34,981,796	\$ 20,955,155	\$ 48,086,796	\$ 25,747,032

CITY OF GALLATIN, TENNESSEE
Schedule of Property Tax Rates and Assessments
Last Ten Fiscal Years

<u>Year of Levy</u>	<u>Tax Rate Per \$100 City</u>	<u>Total Assessed Value</u>
2008	1.12	\$ 8,743,629
2007	1.12	8,284,247
2006	1.12	7,620,697
2005	1.12	6,286,061
2004	1.12	5,965,450
2003	1.12	5,887,040
2002	1.12	5,613,048
2001	1.32	5,444,722
2000	1.32	5,159,201
1999	1.32	4,853,452

See auditors' report.

CITY OF GALLATIN, TENNESSEE
Schedule of Uncollected Delinquent Taxes Filed
June 30, 2009

Year of Levy	Gross Property Taxes Receivable June 30, 2009
2009	\$ 8,945,779
2008	629,957
2007	102,295
2006	46,466
2005	17,567
2004	18,705
2003	21,046
2002	42,243
2001	33,326
2000	11,809
1999	10,673
Totals	\$ 9,879,867

See auditors' report.

CITY OF GALLATIN, TENNESSEE
Electric Rate Structure and Customer Information
For the Year Ended June 30, 2009

GSC (Demand from 15,001 to 25,000 kW)

Customer charge per month	\$1,500
Demand charge	\$13.27 per kW
Energy charge:	
First 620 kWh	0.04234
Additional kWh	0.03599

MSC (Demand from 15,001 to 25,000 kW)

Customer charge per month	\$1,500
Demand charge	\$10.77 per kW
Energy charge:	
First 620 kWh	0.03531
Additional kWh	0.02988

GSD (Demand over 25,000 kW)

Customer charge per month	\$1,500
Demand charge	\$16.23 per kW
Energy charge:	
All kWh	0.03507

MSD (Demand over 25,000 kW)

Customer charge per month	\$1,500
Demand charge	\$13.17 per kW
Energy charge:	
All kWh	0.02943

Outdoor Lighting (including pole)

100 Watt H.P.S.	\$8.21
150 Watt H.P.S.	\$10.98
175 Watt M.V.	\$8.37
250 Watt H.P.S.	\$13.62
400 Watt H.P.S.	\$17.16

Number of Customers at Year End:

Residential	12,402
Commercial	2,600
Street and athletic fields	52
Individually billed outdoor lighting	35
Total	<u>15,089</u>

CITY OF GALLATIN, TENNESSEE
Gas Rate Structure and Customer Information
For the Year Ended June 30, 2009

Rates

Residential and Commerical Rates		
	Outside	Inside
First 200 Cubic Feet	\$3.85 minimum	\$3.50 minimum
All Usage Over 200 Cubic Feet	\$1.72/ccf	\$1.57/ccf
Industrial Rates		
All Usage	\$1.72/ccf	\$1.57/ccf
Preferred Interruptible Rates		
All Usage		\$1.42/ccf
Interruptible Rates		
First 100,000 Cubic Feet		\$1.32/ccf
All Usage Over 100,000 Cubic Feet		\$1.27/ccf
Residential Gas Connection Fee		
	Outside	Inside
	\$125	\$100

Number of Customers

Class of Service	Customers	
	2009	2008
Residential	10,602	10,400
Commercial	1,205	1,224
Industrial	70	80
Interruptible	5	5
Total	11,882	11,709

See auditors' report.

Statistical Tables

CITY OF GALLATIN, TENNESSEE
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June 30, 2009

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CITY OF GALLATIN, TENNESSEE
Net Assets by Component
Last Ten Fiscal Years

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002*	2001*	2000*
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 35,081,049	\$ 30,192,475	\$ 25,940,281	\$ 30,858,306	\$ 26,282,195	\$ 23,340,840	\$ 20,324,988	\$ -	\$ -	\$ -
Restricted	(60,463)	315,366	276,859	15,000	922,957	538,645	805,060	-	-	-
Unrestricted	13,160,946	14,348,514	19,876,514	8,339,620	8,957,037	9,628,934	9,607,473	-	-	-
Total Governmental Activities Net Assets	\$ 48,181,532	\$ 44,856,355	\$ 46,093,654	\$ 39,212,926	\$ 36,162,189	\$ 33,508,418	\$ 30,737,521	\$ -	\$ -	\$ -
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 82,808,956	\$ 97,346,673	\$ 86,922,174	\$ 78,646,271	\$ 71,055,638	\$ 67,885,890	\$ 65,065,892	\$ -	\$ -	\$ -
Unrestricted	38,074,203	20,291,861	19,344,762	20,545,976	17,055,143	14,082,726	11,194,194	-	-	-
Total Business-Type Activities Net Assets	\$ 120,883,159	\$ 117,638,534	\$ 106,266,936	\$ 99,192,247	\$ 88,110,781	\$ 81,968,616	\$ 76,260,086	\$ -	\$ -	\$ -
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 117,890,004	\$ 127,539,148	\$ 112,862,455	\$ 109,504,577	\$ 97,337,833	\$ 91,226,730	\$ 85,390,880	\$ -	\$ -	\$ -
Restricted	(60,463)	315,366	276,859	15,000	922,957	538,645	805,060	-	-	-
Unrestricted	51,235,149	34,640,375	39,221,276	28,885,596	26,012,180	23,711,660	20,801,667	-	-	-
Total Primary Government Net Assets	\$ 169,064,690	\$ 162,494,889	\$ 152,360,590	\$ 138,405,173	\$ 124,272,970	\$ 115,477,035	\$ 106,997,607	\$ -	\$ -	\$ -

*Net Asset Information was not available prior to 2003.

CITY OF GALLATIN, TENNESSEE
Changes in Net Assets
Last Ten Fiscal Years

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Expenses										
Governmental Activities										
General Government	\$ 5,704,855	\$ 9,108,835	\$ 4,048,053	\$ 3,334,894	\$ 3,334,894	2,881,670	2,865,332	-	-	-
Public Safety	10,217,027	9,312,521	8,926,042	8,756,172	8,756,172	6,246,794	6,076,879	-	-	-
Animal Control	112,082	47,847	47,119	40,235	40,235	29,453	43,104	-	-	-
Highways, Streets and Roadways	2,085,472	1,751,275	1,841,983	1,669,388	1,669,388	1,454,630	978,133	-	-	-
Public Works	26,564	226,892	153,821	138,488	138,488	146,935	120,399	-	-	-
Environmental Services	1,433,602	1,404,985	1,077,427	1,918,049	1,918,049	1,808,843	1,725,197	-	-	-
Parks and Recreation	3,238,819	2,440,295	2,768,383	2,404,761	2,404,761	2,402,647	2,276,060	-	-	-
Engineering	636,589	408,330	703,821	413,530	413,530	447,373	102,101	-	-	-
Community Services	231,649	185,500	188,640	195,591	195,591	154,673	160,383	-	-	-
Economic Development	270,456	278,287	230,687	-	-	-	-	-	-	-
Vehicle Maintenance	376,013	352,822	333,463	302,551	302,551	315,462	379,949	-	-	-
Interest on Long-term Debt	785,391	320,585	90,045	94,489	94,489	291,139	289,324	-	-	-
Total Governmental Activities Expenses	<u>25,118,120</u>	<u>25,840,954</u>	<u>21,007,484</u>	<u>17,268,148</u>	<u>17,268,148</u>	<u>16,179,619</u>	<u>15,026,861</u>	-	-	-
Business-type Activities										
Electric Power	52,075,601	48,441,112	44,556,792	36,874,016	36,874,016	38,623,921	34,634,951	-	-	-
Natural Gas	19,354,295	20,349,492	18,901,303	16,953,730	16,953,730	13,980,974	13,189,500	-	-	-
Golf	1,011,561	978,014	947,510	913,014	913,014	896,171	840,283	-	-	-
Water and Sewer	10,073,496	7,856,635	7,130,595	5,842,660	5,842,660	5,441,054	5,254,474	-	-	-
Total Business-type Activities Expenses	<u>82,514,953</u>	<u>77,425,253</u>	<u>71,536,200</u>	<u>60,683,420</u>	<u>60,683,420</u>	<u>58,942,120</u>	<u>53,919,208</u>	-	-	-
Total Primary Government Expenses	<u>\$ 107,633,073</u>	<u>\$ 103,272,207</u>	<u>\$ 92,543,684</u>	<u>\$ 77,951,568</u>	<u>\$ 77,951,568</u>	<u>\$ 73,121,739</u>	<u>\$ 68,946,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Program Revenues										
Governmental Activities										
Charges for Services	\$ 4,127,495	\$ 4,937,573	\$ 4,388,414	\$ 2,751,837	\$ 2,751,837	2,225,531	2,204,828	-	-	-
Operating Grants and Contributions	1,474,369	848,469	3,502,202	869,005	869,005	1,157,785	1,081,975	-	-	-
Capital Grants and Contributions	4,022,806	590,405	138,751	1,722,591	1,722,591	1,321,300	-	-	-	-
Total Governmental Activities Program Revenues	<u>9,624,670</u>	<u>6,376,447</u>	<u>8,029,367</u>	<u>5,343,433</u>	<u>5,343,433</u>	<u>4,704,596</u>	<u>3,286,803</u>	-	-	-
Business-Type Activities:										
Charges for Services:										
Electric Power	53,904,250	49,897,969	46,400,588	38,038,137	38,038,137	38,072,015	35,594,644	-	-	-
Natural Gas	21,297,574	22,330,508	20,082,042	18,422,895	18,422,895	14,798,256	13,806,592	-	-	-
Golf	827,161	821,651	769,574	685,421	685,421	787,500	877,546	-	-	-
Water and Sewer	9,371,205	8,538,950	8,071,541	7,169,618	7,169,618	6,658,003	5,994,756	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	1,252,887	6,918,074	3,526,948	2,800,442	2,800,442	2,092,388	1,884,772	-	-	-
Total Business-Type Activities Program Revenues	<u>86,852,857</u>	<u>88,507,152</u>	<u>78,850,673</u>	<u>67,116,513</u>	<u>67,116,513</u>	<u>63,288,140</u>	<u>57,958,310</u>	-	-	-
Total Primary Government Program Revenues	<u>\$ 96,277,527</u>	<u>\$ 94,883,599</u>	<u>\$ 86,858,040</u>	<u>\$ 72,459,946</u>	<u>\$ 72,459,946</u>	<u>\$ 67,990,736</u>	<u>\$ 61,225,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (15,493,449)	\$ (19,470,507)	\$ (13,000,117)	\$ (11,924,715)	\$ (11,924,715)	\$ (11,475,023)	\$ (11,760,058)	\$ -	\$ -	\$ -
Business-Type Activities	4,137,904	11,081,899	7,314,473	6,533,093	6,533,093	6,344,020	4,039,102	-	-	-
Total Primary Government Net Expense	<u>\$ (11,355,545)</u>	<u>\$ (8,388,608)</u>	<u>\$ (5,685,644)</u>	<u>\$ (5,391,622)</u>	<u>\$ (5,391,622)</u>	<u>\$ (5,131,003)</u>	<u>\$ (7,720,956)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property and Personal Taxes	\$ 8,830,313	\$ 8,350,687	\$ 7,710,687	\$ 5,987,978	\$ 5,987,978	\$ 5,724,233	\$ 6,601,113	\$ -	\$ -	\$ -
Payment in Lieu of Tax	276,837	258,218	218,147	-	-	-	-	-	-	-
Income and Excise Taxes	80,810	506,966	440,512	1,409,098	1,409,098	1,331,015	1,230,582	-	-	-
Sales Taxes	6,390,038	6,863,042	6,752,289	4,154,177	4,154,177	3,876,075	3,916,658	-	-	-
Gasoline Tax	-	136,495	134,884	-	-	-	-	-	-	-
Alcoholic Beverage Taxes	877,642	953,765	918,743	-	-	-	-	-	-	-
Business Taxes	521,590	520,295	483,682	-	-	-	-	-	-	-
Hospitality Taxes	327,853	299,982	276,684	-	-	-	-	-	-	-
Miscellaneous State Taxes	2,790	5,537	5,519	1,896,131	1,896,131	1,968,921	2,048,212	-	-	-
Unrestricted Investment Earnings	519,239	682,781	490,238	151,986	151,986	98,936	114,238	-	-	-
Rental Income	35,521	86,445	58,855	-	-	-	-	-	-	-
Sale of Capital Assets	16,684	(1,487,141)	15,966	-	-	54,954	642,330	-	-	-
Insurance Proceeds	138,900	27,651	26,597	-	-	-	-	-	-	-
Miscellaneous	51,986	592,710	352,792	132,450	132,450	246,208	101,002	-	-	-
Transfers, Net	1,071,242	685,674	887,035	848,667	848,667	830,636	(723,758)	-	-	-
Total Governmental Activities	<u>19,141,245</u>	<u>18,463,047</u>	<u>18,772,610</u>	<u>14,578,487</u>	<u>14,578,487</u>	<u>14,128,978</u>	<u>13,930,359</u>	-	-	-
Business-Type Activities:										
Unrestricted Investment Earnings	437,057	718,092	1,009,368	455,739	455,739	199,264	212,131	-	-	-
Sale of Capital Assets	8,465	10,169	2,181	-	-	-	-	-	-	-
Insurance Proceeds	41	-	3,304	-	-	-	-	-	-	-
Transfers, Net	(1,071,241)	(685,674)	(887,035)	(848,667)	(848,667)	(830,636)	723,758	-	-	-
Total Business-Type Activities	<u>(625,678)</u>	<u>42,587</u>	<u>127,518</u>	<u>(390,928)</u>	<u>(390,928)</u>	<u>(631,372)</u>	<u>935,887</u>	-	-	-
Total Primary Government	<u>\$ 18,515,567</u>	<u>\$ 18,505,634</u>	<u>\$ 18,900,128</u>	<u>\$ 14,187,559</u>	<u>\$ 14,187,559</u>	<u>\$ 13,497,606</u>	<u>\$ 14,866,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Assets										
Governmental Activities	3,647,797	(1,007,460)	5,772,493	2,653,772	2,653,772	2,653,955	2,170,301	-	-	-
Business-Type Activities	3,512,226	11,124,486	7,442,291	6,142,185	6,142,185	5,712,648	4,974,989	-	-	-
Total Primary Government	<u>\$ 7,160,023</u>	<u>\$ 10,117,026</u>	<u>\$ 13,214,784</u>	<u>\$ 8,795,957</u>	<u>\$ 8,795,957</u>	<u>\$ 8,366,603</u>	<u>\$ 7,145,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GALLATIN, TENNESSEE
Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ 40,172	\$ 17,132	\$ 15,874	\$ 14,687	\$ 9,276,034	\$ 9,469,208	\$ 9,720,110	\$ 9,353,606	\$ 9,272,816	\$ 9,400,933
Unreserved	\$ 11,213,358	\$ 9,577,025	\$ 11,942,384	\$ 8,270,705	\$ 9,276,034	\$ 9,469,208	\$ 9,720,110	\$ 9,353,606	\$ 9,272,816	\$ 9,400,933
Total General Fund	\$ 11,253,530	\$ 9,594,157	\$ 11,958,258	\$ 8,285,392	\$ 9,276,034	\$ 9,469,208	\$ 9,720,110	\$ 9,353,606	\$ 9,272,816	\$ 9,400,933
All Other Governmental Funds										
Reserved	\$ (52,076)	\$ 323,753	\$ 286,734	\$ 16,541	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Unreserved, reported in										
Special Revenue Funds	22,272	24,557	-	174,246	192,017	105,662	106,183	103,386	81,916	115,670
Capital Projects Funds	(11,506,512)	4,745,837	7,910,831	472,836	457,490	454,544	454,544	573,096	760,706	434,002
Permanent Funds	353,996	336,050	309,421	297,147	286,970	278,070	270,381	261,737	261,511	246,462
Unreserved			12,647	20,965	-	-	-	-	-	-
Total All Other Governmental Funds	\$ (11,185,320)	\$ 5,430,197	\$ 8,519,633	\$ 981,755	\$ 951,477	\$ 853,023	\$ 846,108	\$ 953,218	\$ 1,119,133	\$ 811,134

CITY OF GALLATIN, TENNESSEE
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Taxes	\$ 17,989,604	\$ 15,198,823	\$ 14,335,011	\$ 12,472,166	\$ 11,614,584	\$ 10,902,829	\$ 11,504,525	\$ 10,871,627	\$ 10,415,071	\$ 10,125,388
Licenses and Permits	616,775	851,142	696,601	529,282	504,675	344,067	335,201	262,153	161,989	191,368
Fines and Forfeitures	1,446,691	1,737,566	1,567,133	966,013	639,128	331,404	327,416	356,114	1,304,047	353,794
Charges for Services	2,064,030	2,348,866	2,102,880	1,455,320	1,422,581	947,669	1,419,183	1,238,250	1,304,047	1,237,674
Intergovernmental	791,301	4,092,959	3,691,619	3,136,744	2,768,336	3,260,883	3,171,790	3,370,511	3,071,242	3,214,863
Investment Income	519,240	852,762	490,238	234,704	151,966	98,936	114,238	163,892	402,527	424,948
Rental/Property Income	35,521	66,445	58,855	590,320	355,013	106,803	534,195	54,379	84,970	155,460
Miscellaneous Revenues	51,986	582,709	352,792	93,441	132,450	246,210	101,003	131,937	128,199	127,144
Total Revenues	23,515,148	25,571,272	23,284,929	19,478,080	17,588,753	16,238,821	17,507,551	16,468,863	15,918,289	15,830,639
Expenditures										
General Government	4,421,328	3,564,744	3,772,613	3,028,811	2,853,340	2,616,026	2,368,888	2,242,790	2,000,250	1,917,202
Public Safety	9,688,847	9,295,197	8,259,007	7,113,058	6,167,861	5,732,734	5,500,365	5,506,461	5,094,215	4,811,442
Animal Control	90,649	47,647	47,119	42,050	39,931	30,308	43,030	41,141	77,469	39,193
Highways and Streets	1,362,428	1,368,131	1,359,228	1,227,775	1,136,618	1,104,654	1,051,389	1,837,336	1,818,324	2,046,706
Public Works	148,677	145,258	139,527	139,229	126,064	119,260	111,496	117,729	161,092	211,766
Environmental Services	1,323,296	1,389,275	1,597,138	2,055,365	1,678,479	1,649,266	1,612,784	1,449,804	1,179,665	1,276,755
Parks and Recreation	2,645,342	2,466,439	2,333,959	2,183,941	1,970,462	1,930,422	1,898,613	1,693,967	1,659,222	1,490,942
Engineering	372,252	407,115	666,725	482,915	306,312	307,489	311,187	234,065	207,054	163,701
Other Community Services	231,649	185,500	186,640	182,296	195,591	154,673	160,383	165,962	300,312	-
Economic Development Agency	230,201	217,975	224,440	198,969	-	-	-	-	-	-
Venue Maintenance	364,901	349,320	329,108	311,705	301,233	313,752	376,739	-	-	-
Other Program Cost	291	-	243,714	125,960	50,339	30,457	32,395	24,956	58,504	33,910
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	425,000	410,000	775,000	760,000	750,000	1,734,712	953,568	922,022	955,466	951,808
Interest	627,829	321,681	90,045	117,245	141,346	279,742	216,588	360,513	352,047	370,706
Capital Outlay	7,085,559	11,624,680	1,594,163	3,832,929	2,812,563	1,830,114	2,412,116	1,726,318	2,415,932	1,737,646
Total Expenditures	29,019,250	31,802,962	21,618,436	21,802,278	18,530,139	17,833,609	17,049,541	16,382,964	16,279,552	15,053,797
Excess of Revenues Over (Under) Expenditures	(5,504,102)	(6,231,690)	1,676,503	(2,324,198)	(941,386)	(1,594,788)	458,010	85,898	(361,253)	776,842
Other Financing Sources (Uses)										
Contributions	63,156	42,038	466,113	92,070	-	-	-	-	-	-
Restatement	-	-	-	-	-	-	-	-	-	-
Forgiveness of Golf Course Debt	-	-	-	-	-	-	-	-	-	-
Bond Proceeds less refunding	3,642,438	-	7,500,000	-	-	41,661	(723,756)	-	236,282	12,489
Insurance Proceeds	138,900	27,651	26,597	323,677	-	-	-	-	-	-
Sale of Capital Assets	16,884	3,661	15,966	-	-	-	-	-	-	-
Operating Transfers In (Out)	1,071,241	887,674	887,035	826,807	846,667	(274,228)	-	-	-	-
Total Other Financing Sources (Uses)	4,932,419	758,024	8,895,711	1,242,854	846,667	(232,568)	(723,756)	16,360	(36,900)	29,558
Net Change in Fund Balance	\$ (571,684)	\$ (5,472,666)	\$ 10,572,214	\$ (1,081,544)	\$ (94,719)	\$ (1,827,356)	\$ (265,746)	\$ 102,259	\$ (161,871)	\$ 818,889
Debt Service as a Percentage of Non-Capital Expenditures	4.8%	3.6%	4.3%	4.9%	5.7%	12.6%	8.0%	8.8%	9.4%	9.9%

CITY OF GALLATIN, TENNESSEE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2009	\$ 504,223,225	\$ 288,737,720	\$ 101,715,600	\$ 8,747,275	\$ 885,929,270	0.99	\$ 2,993,026,200	29.89%
2008	406,776,733	230,750,747	142,667,023	-	780,194,503	1.12	2,634,309,527	29.62%
2007	376,719,045	208,883,100	142,513,175	6,878,800	728,115,320	1.12	2,458,859,601	29.89%
2006	325,228,750	167,318,360	90,694,760	7,680,475	671,943,489	1.12	2,241,616,040	30.32%
2005	257,565,075	165,853,357	127,310,752	7,060,850	550,729,184	1.12	1,723,983,000	32.35%
2004	228,441,075	155,217,655	125,455,607	9,688,400	500,954,000	1.12	1,669,847,000	30.58%
2003	215,819,650	149,037,416	128,301,776	9,293,025	411,054,000	1.32	1,370,180,000	30.68%
2002	177,278,350	129,454,653	96,245,048	7,428,025	389,872,000	1.32	1,299,573,000	30.57%
2001	169,198,475	111,780,363	100,653,926	7,954,675	368,033,000	1.32	1,226,777,000	30.65%
2000	157,536,700	112,529,968	89,407,406	7,041,225	350,607,000	1.32	1,168,690,000	30.60%
1999	150,550,275	103,453,530	56,215,759	7,173,675	320,837,000	1.32	1,069,457,000	30.67%

Source: State Board of Equalization.

Note: Property is appraised in Tennessee with the following assessment ratios:

<u>Taxable Property</u>	<u>Legal Assessment Ratio</u>
Locally Assessed Real Property:	
Industrial and Commercial	40%
Residences and Farms	25%
Personal Tangible Property	30%
Agriculture, Open Space Land Act	25%
Locally Assessed Public Utility	55%

State assessed public utility assessments are equalized assessments certified by the Tennessee Public Service Commission. Public utility appraised values are calculated on the basis the public utility assessments average 55% of appraised value.

CITY OF GALLATIN, TENNESSEE
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Direct Rate</u>		<u>Overlapping Rate</u>	
	<u>Basic Rate</u>	<u>Total Direct</u>	<u>Sumner County</u>	
2009	\$ 0.99	\$ 0.99	\$	2.02
2008	1.12	1.12		2.28
2007	1.12	1.12		2.28
2006	1.12	1.12		2.28
2005	1.12	1.12		2.59
2004	1.12	1.12		2.59
2003	1.32	1.32		2.54
2002	1.32	1.32		2.54
2001	1.32	1.32		2.54
2000	1.32	1.32		2.54
1999	1.32	1.32		2.42
1998	1.39	1.39		2.90

Source: State Board of Equalization.

Note: Taxes are assessed as of January 1 and are due on October 1 for City and County. Taxes are delinquent on March 1 for City and County.

CITY OF GALLATIN, TENNESSEE
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Gap	\$ 36,111,706	1	4.96%
Hoeganaes	17,692,407	2	2.43%
R R Donnelley & Sons	11,562,441	3	1.59%
Stoneridge Farms	10,973,790	4	1.51%
Sumner Medical Plaza LLC	8,461,943	5	1.16%
Instell	6,139,188	6	0.84%
Crescent	5,205,740	7	0.71%
Walmart	5,151,181	8	0.71%
A B C Group Fuel Systems	4,961,400	9	0.68%
Gallatin Housing Assoc.	4,740,000	10	0.65%
Total	\$ 110,999,796		15.24%

Taxpayer	2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Hoeganaes Corp.	\$ 18,059,424	1	4.83%
Donnelley Printing Company	14,092,267	2	3.77%
Bosch	8,094,953	3	2.17%
Insteel	5,995,368	4	1.60%
Bell South	5,372,875	5	1.44%
Sumner Regional Hospital	4,533,514	6	1.21%
Crescent	4,119,807	7	1.10%
G.F. Furniture	3,982,574	8	1.07%
Wal-Mart	3,829,986	9	1.03%
Littlestone Partners	3,171,020	10	0.85%
Total	\$ 71,251,788		19.07%

See auditors' report.

CITY OF GALLATIN, TENNESSEE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year(a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 8,655,224	8,106,018	93.65%	580,356	\$ 8,686,374	100.36%
2008	8,738,178	8,284,247	94.81%	175,939	8,460,186	96.82%
2007	7,620,697	7,394,843	97.04%	268,278	7,663,120	100.56%
2006	6,286,061	6,023,784	95.83%	144,187	6,167,971	98.12%
2005	5,887,040	5,732,482	97.40%	215,372	5,947,854	101.03%
2004	5,613,048	5,394,388	96.10%	192,497	5,586,885	99.53%
2003	5,444,722	5,196,914	95.40%	246,140	5,443,054	99.97%
2002	5,169,455	4,957,912	95.90%	179,616	5,137,528	99.38%
2001	4,853,452	4,641,392	95.60%	119,950	4,761,342	98.10%
2000	4,603,052	4,432,342	96.30%	110,050	4,542,392	98.68%
1999	4,221,163	4,090,178	96.90%	79,797	4,169,975	98.79%

Source: (a) Per the Sumner County Tax Assessor's office

CITY OF GALLATIN, TENNESSEE
Water Sold by Type of Customer
Last Ten Fiscal Years

Type of Customer	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
							**			
Residential	3,725,171	3,210,020	2,871,581	3,469,476	3,358,216	3,022,187	2,582,648	2,425,164	2,259,452	2,197,766
Industrial	-	-	-	-	-	-	-	-	-	-
Commercial	1,559,235	1,518,685	1,408,490	697,085	748,850	672,222	561,478	410,448	413,536	193,843
Military	-	-	-	-	-	-	-	-	-	-
Government	444,821	366,092	356,613	388,501	394,422	352,882	323,332	264,611	197,147	193,843
Total	5,729,227	5,094,797	4,636,684	4,555,062	4,501,488	4,047,291	3,467,458	3,100,223	2,870,135	2,585,452
Total Direct Rate										
per 250 cu. ft.	\$ 7.80	\$ 6.50	\$ 6.50	\$ 6.50	6.10	5.50	5.50	5.30	5.10	5.10

Source: David Gregory-Utility Superintendent

** Rates were tracked by different type of customer in years 2005 and prior

CITY OF GALLATIN, TENNESSEE
Water and Sewer Rates
Last Ten Fiscal Years

Water

Fiscal Year	Inside City Rates				Outside City Rates			
	First 250 Cubic Feet (minimum)	Next 750 Cubic Feet (per 100CF)	Next 2,000 Cubic Feet (per 100CF)	Next 3,000 Cubic Feet (per 100CF)	First 250 Cubic Feet (minimum)	Next 750 Cubic Feet (per 100CF)	Next 2,000 Cubic Feet (per 100CF)	Next 3,000 Cubic Feet (per 100CF)
2009	\$ 7.80	\$ 2.15	\$ 2.15	\$ 2.15	\$ 11.70	\$ 3.23	\$ 3.23	\$ 3.23
2008	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2007	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2006	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2005	6.10	1.70	1.70	1.70	9.15	2.55	2.55	2.55
2004	5.50	1.60	1.60	1.60	8.25	2.40	2.40	2.40
2003	5.50	1.50	1.40	1.40	8.25	2.25	2.10	2.10
2002	5.30	1.40	1.30	1.20	7.95	2.15	1.95	1.80
2001	5.10	1.30	1.20	1.00	7.65	1.95	1.80	1.50
2000	5.10	1.30	1.20	1.00	7.65	1.95	1.80	1.50

Sewer

Fiscal Year	Inside City Rates				Outside City Rates			
	First 250 Cubic Feet (minimum)	Next 750 Cubic Feet (per 100CF)	Next 2,000 Cubic Feet (per 100CF)	Next 3,000 Cubic Feet (per 100CF)	First 250 Cubic Feet (minimum)	Next 750 Cubic Feet (per 100CF)	Next 2,000 Cubic Feet (per 100CF)	Next 3,000 Cubic Feet (per 100CF)
2009	\$ 7.80	\$ 2.15	\$ 2.15	\$ 2.15	\$ 11.70	\$ 3.23	\$ 3.23	\$ 3.23
2008	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2007	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2006	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2005	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2004	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2003	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2002	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2001	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70
2000	6.50	1.80	1.80	1.80	9.75	2.70	2.70	2.70

Tapping Fees

Meter Size	Connection Fees		Installation Fees	
	Inside	Outside	Inside	Outside
5/8 x 3/4	\$ 300	\$ 350	\$ 200	\$ 250
1"	350	400	300	350
2"	700	800	1,000	1,500
4"	1,400	1,600	.	.
6"	1,700	1,900	.	.
8"	2,500	3,000	.	.
10"	4,000	5,000	.	.
12"	6,000	8,000	.	.

* On meter sizes above 4", the developer shall be responsible for the entire cost of installation including materials, equipment and labor, as determined by the Water Department job cost records. Either the developer or the City may install the tap. If the developer installs the tap, it must be according to the City's material and inspection specifications.

Inspection Fee: \$25
 Sewer Connection

Private Fire Protection:
 Service to Private Hydrant \$300 per hydrant
 Service to Sprinkler System \$2 per head

Number of Water and Sewer Customers 13,164

See auditors' report.

Gallatin Public Utilities
Schedule of Unaccounted For Water
July, 2008 to June, 2009

(All amounts in gallons)

A	Water Treated and Purchased		
B	Water Pumped (potable)	2,460,971,000	
C	Water Purchased	<u>0</u>	
D	Total Water Treated and Purchased		<u>2,460,971,000</u>
	(Sum Lines B and C)		
E	Accounted for Water:		
F	Water Sold	1,812,446,029	
G	Metered for Consumption (in house usage)	<u>92,880,000</u>	
H	Fire Department(s) Usage	<u>48,000</u>	
I	Flushing	<u>8,500,709</u>	
J	Tank Cleaning/Filling	<u>0</u>	
K	Street Cleaning	<u>13,235</u>	
L	Bulk Sales	<u>0</u>	
M	Water Bill Adjustments	<u>9,400,297</u>	
N	Total Accounted for Water		<u>1,923,288,270</u>
	(Sum Lines F thru M)		
O	Unaccounted for Water		<u>537,682,730</u>
	(Line D minus Line N)		
P	Percent Unaccounted for Water		<u>21.848%</u>
	(Line O divided by Line D times 100)		

Q Other (explain)

See Below

Explain Other:

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if line item is not applicable, a "0" is shown.



9/21/2009

CITY OF GALLATIN, TENNESSEE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Industrial Rev and Tax Bonds	Sales Tax Increment Bonds	Lease Revenue Bonds	Special Assessment Bonds	Water Bonds	Term Loan Payable	Certificates of Participation	Capital Leases				
2009	\$ 13,105,000	-	-	-	-	\$ 33,864,444	\$1,117,352	-	-	\$ 48,086,796	98150.34%	\$1,952.29	
2008	9,730,000	-	-	-	-	7,360,000	-	-	-	17,090,000	34609.85%	529.02	
2007	10,140,000	-	-	-	-	7,900,000	-	-	-	18,040,000	55842.75%	754.28	
2006	3,415,000	-	-	-	-	8,445,000	-	-	-	11,860,000	40506.85%	495.88	
2005	4,175,000	-	-	-	-	8,940,000	-	-	-	13,115,000	45946.61%	548.35	
2004	4,925,000	-	-	-	-	9,430,000	-	-	-	14,355,000	52371.40%	617.95	
2003	6,359,490	-	-	-	-	4,428,309	-	-	-	10,787,799	40816.49%	464.39	
2002	7,214,645	-	-	-	-	4,754,755	-	-	-	11,969,400	46222.82%	515.26	
2001	7,951,667	185,000	-	-	-	5,029,334	-	-	-	13,166,001	54114.27%	566.77	
2000	7,436,680	355,000	-	-	-	5,298,321	-	-	-	13,090,001	54612.21%	636.95	
1999	8,049,035	510,000	-	-	-	5,360,966	-	-	-	13,920,001	60991.11%	677.34	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
See page 68 for personal income and population data. These ratios are calculated using the personal income and population for the prior calendar year.

CITY OF GALLATIN, TENNESSEE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding (000 omitted)			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Redevelopment Bonds	Total		
2000	7,792	-	7,792	2.22%	0.38
2001	7,021	-	7,021	1.91%	0.30
2002	6,210	-	6,210	1.59%	0.27
2003	5,467	-	5,467	1.33%	0.24
2004	4,925	-	4,925	0.98%	0.21
2005	4,175	-	4,175	0.81%	0.17
2006	3,510	-	3,510	0.52%	0.15
2007	10,140	-	10,140	1.39%	0.42
2008	9,730	-	9,730	1.25%	0.20
2009	13,105	-	13,105	1.48%	0.53

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
The City of Gallatin, TN, has no legal debt limit set by State law or City ordinance.
See page 57 for property value data.
Population data can be found on page 68.

CITY OF GALLATIN, TENNESSEE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

<u>Governmental Unit</u>	<u>(000's) Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City of Gallatin	\$ 13,105	100.00%	\$ 13,105
Sumner County	145,025	21.80%	31,615
Other Debt	-	0.00%	-
Subtotal, overlapping debt			44,720
Total direct and overlapping debt			<u><u>\$ 44,720</u></u>

Source: Assessed value data used to estimate applicable percentages provided by the Tennessee Comptroller of the Treasury website. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Gallatin. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

***Assessed Value of Property:**

County	\$ 4,063,934,444	
City	\$ 885,929,270	\$ 0.2180

CITY OF GALLATIN, TENNESSEE
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2009	
Assessed value	\$ -
Debt limit (XX% of assessed value)	-
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal Debt Margin	<u>\$ -</u>

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: Currently, neither the State of Tennessee nor the City of Gallatin have a legal limitation on borrowing. The City is only subject to the lenders' debt ratios. In general, the limit would be 20-25% of the budgeted revenues.

CITY OF GALLATIN, TENNESSEE
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds				Special Assessment Bonds				Sales Tax Increment Bonds			
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Coverage	Special Assessment Collections	Debt Service		Coverage	Sales Tax Increment	Sales Tax Increment		Coverage
						Principal	Interest			Principal	Interest	
1999	\$ 4,897,075	\$ 2,903,352	\$ 1,993,723	\$ -	\$ -	\$ 559,661	\$ 279,710	\$ -	\$ -	\$ -	\$ -	\$ -
2000	5,365,606	3,055,059	2,310,547	-	-	65,353	257,810	-	-	-	-	-
2001	5,362,392	3,271,285	2,091,107	-	-	268,986	240,282	-	-	-	-	-
2002	5,874,412	3,467,408	2,407,004	-	-	274,579	228,708	-	-	-	-	-
2003	5,994,631	3,514,308	2,480,323	-	-	326,444	216,588	-	-	-	-	-
2004	6,656,633	3,509,046	3,147,587	-	-	328,309	203,193	-	-	-	-	-
2005	7,218,859	3,719,666	3,499,193	-	-	490,000	320,726	-	-	-	-	-
2006	7,133,277	4,224,096	2,909,181	-	-	495,000	295,883	-	-	-	-	-
2007	7,961,528	4,774,065	3,187,463	-	-	545,000	280,282	-	-	-	-	-
2008	8,529,877	5,387,709	3,142,168	-	-	640,000	261,699	-	-	-	-	-
2009	9,371,205	5,955,230	3,415,975	-	-	940,000	1,392,100	-	-	-	-	-

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses. Sales tax increment bonds are backed by the sales tax revenue produced by the sales tax rate in effect when the bonds were issued (2.5 percent) applied to the increase in retail sales in the Commons shopping area since the time.

CITY OF GALLATIN, TENNESSEE
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Population</u>	<u>County Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (d)</u>	<u>Median Age (a)</u>	<u>County School Enrollment (b)</u>	<u>County Unemployment Rate (c)</u>
2009	28,198 (f)	159,013 (a)	48,993	24,631	37.9	26,493	7.90%
2008	27,569 (f)	156,533 (a)	49,379	25,370	37.7	26,528	5.90%
2007	23,917 (f)	130,449 (a)	34,696	32,305	35.5	26,528	3.80%
2006	23,917 (f)	130,449 (a)	34,696	29,279	35.5	26,111	3.30%
2005	23,917 (f)	130,449 (a)	34,696	28,544	36.5	25,528	4.10%
2004	23,230 (a)	130,449 (a)	34,696	27,410	36.5	24,596	4.70%
2003	23,230 (a)	130,449 (a)	34,696	26,430	35.5	24,069	4.10%
2002	23,230 (a)	130,449 (a)	34,696	25,895	35.5	23,951	3.90%
2001	23,230 (a)	130,449 (a)	34,696	24,330	36.1	23,044	4.50%
2000	20,551 (e)	123,445 (d)	24,807	23,969	33.6	22,792	2.90%

Sources: The above information is obtained from the following:

- (a) Census Bureau
- (b) Sumner County School Board
- (c) Tennessee State Department of Labor, Statistical Services
- (d) State Estimate
- (e) Special Census by City
- (f) Special Census by Federal Bureau of Census

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

CITY OF GALLATIN, TENNESSEE
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Sumner Regional Health Systems	1,143	1	10.16%
Gap, Inc.	900	2	8.00%
Volunteer State Community College	750	3	6.67%
Servpro Industries, Inc.	278	4	2.47%
R.R. Donnelley & Sons	250	5	2.22%
ABC Technologies/Salga Plastics	200	6	1.78%
Jamison Bedding	175	7	1.56%
Hoeganaes	147	8	1.31%
Rich Products	109	9	0.97%
ABC Group Fuel Systems	100	10	0.89%
	<u>4,052</u>		<u>36.03%</u>

<u>Employer</u>	<u>2000</u>		
	<u>Employee</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
The Gap	1,467	1	14.60%
Sumner Regional Medical Center	606	2	6.03%
R. R. Donnelley & Sons	563	3	5.60%
F. G. Business Equipment	400	4	3.98%
Fleetwood Homes	325	5	3.23%
Crescent Manufacturing	255	6	2.54%
Gallatin Aluminum Products	240	7	2.39%
Allied Automotive Systems	200	8	1.99%
Highland Apparel	180	9	1.79%
Byrons, Inc.	165	10	1.64%
	<u>4,401</u>		<u>43.79%</u>

Source: Tennessee Department of Labor Workforce & Development and City of Gallatin's Economic Development

CITY OF GALLATIN, TENNESSEE
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government:										
Mayor's Office	3	2	2	4	3	2	N/A	N/A	N/A	N/A
Planning	6	7	7	6	5	5	N/A	N/A	N/A	N/A
Finance	4	5	5	5	5	5	5	5	5	5
City Attorney	3	3	2	2	2	2	N/A	N/A	N/A	N/A
Recorder	7	5	5	4	3	4	N/A	N/A	N/A	N/A
Personnel	2	2	3	3	3	3	N/A	N/A	N/A	N/A
Codes	8	9	9	7	7	5	N/A	N/A	N/A	N/A
Economic Development Agency	2	2	2	2	2	2	N/A	N/A	N/A	N/A
Information Technology	3	3	2	-	-	-	N/A	N/A	N/A	N/A
Public Safety:										
Police	90	81	82	75	73	74	N/A	N/A	N/A	N/A
Fire	58	55	55	50	50	43	N/A	N/A	N/A	N/A
Public Works	45	45	45	41	41	39	N/A	N/A	N/A	N/A
Leisure Services	29	22	22	20	20	19	N/A	N/A	N/A	N/A
Engineering	5	5	5	4	5	5	N/A	N/A	N/A	N/A
Public Utilities	79	80	80	64	64	63	N/A	N/A	N/A	N/A
Golf Course	0	8	8	8	8	9	N/A	N/A	N/A	N/A
Total	344	334	334	295	291	280	271	267	267	264

Source: PERSONNEL OFFICIAL
***AUDITS PRIOR YEARS**

2009 numbers include 7 PPT employees and consolidates the 7 Golf personnel under Leisure Services. It does not include 14 unfilled positions (total authorized manning 358)

CITY OF GALLATIN, TENNESSEE
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Police										
Physical arrests	6,019	6,277	6,678	7,363	8,154	7,293	4,856	5,204	5,244	4,647
Parking violations	1,216	1,538	1,305	1,124	1,429	1,276	1,208	1,267	1,457	1,283
Traffic violations	28,272	23,022	27,769	32,685	35,499	16,013	6,000	7,646	9,771	7,750
Red Light Camera Citations	10,790	16,021	14,125	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire										
Emergency responses	1,901	2,456	2,043	874	756	730	726	761	810	1,002
Fires extinguished	82	125	97	76	113	83	101	112	137	125
Inspections	942	1,500	5,602	2,351	1,858	2,035	2,676	2,823	1,601	1,574
Animal Control										
Animals Restrained	1,187	796	810	939	997	760	N/A	N/A	N/A	N/A
Highways and Streets										
Street resurfacing (miles)	7	14	14	6	2	9	9	8	N/A	N/A
Potholes repaired	273	344	455	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Public Works										
Utility cuts repaired	147	154	130	218	N/A	N/A	N/A	N/A	N/A	N/A
Parks and Recreation										
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community center admissions	220,000	250,000	240,000	235,000	225,000	220,000	220,000	220,000	220,000	215,000
Community Service										
Number of organization benefited	17	15	15	15	15	12	12	14	17	17
Number of services benefited	4	5	5	6	3	3	3	3	4	2
Environmental Services										
Tons hauled	11,376	11,690	11,890	12,278	11,041	10,950	10,518	9,949	9,793	9,975
Water										
New connections	288	378	470	477	544	335	N/A	N/A	N/A	N/A
Water main breaks		56	48	39	44	31	55	66	59	76
Average daily consumption (thousands of gallons)	6,742	7,074	6,054	6,046	6,227	6,400	6,169	6,726	6,250	5,591
Peak daily consumption (thousands of gallons)	8,108	9,616	9,959	8,535	7,879	7,707	8,235	8,100	8,100	7,653
Sewer										
Average daily treatment (thousands of gallons)	5,172	4,550	5,225	4,698	5,183	5,200	5,119	4,630	4,014	3,950
Electric										
Average daily consumption (thousands of kilowatt hours)	1,858	2,161	2,062	2,092	2,024	2,089	2,016	1,900	2,025	1,828
Natural Gas										
Average Daily Consumption: Summer -April/October (thousands of cubic feet)	3,746	4,311	3,509	3,572	3,986	3,989	4,077	3,816	3,382	3,081
Winter-November/March (thousands of cubic feet)	7,401	7,664	7,377	6,930	7,520	7,903	8,042	6,538	6,500	6,495
Golf										
Rounds Played	46,000	45,000	45,728	44,091	41,642	46,415	41,888	44,931	46,079	46,079

Sources: Various city departments

Notes: Indicators are not available for the general government function.

CITY OF GALLATIN, TENNESSEE
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol units	67	62	61	59	54	60	58	64	54	46
Fire										
Stations	3	3	3	3	3	2	2	2	2	2
Fire trucks	9	9	9	9	9	7	7	7	6	6
Animal Control										
Trucks	2	2	1	1	1	1	1	1	1	1
Highways and Streets										
Streets (miles)	184	182	185	184	182	180	179	177	177	173
Streetlights	3,322	3,443	3,266	3,230	3,141	N/A	N/A	N/A	N/A	N/A
Traffic signals	329	320	251	251	N/A	N/A	N/A	N/A	N/A	N/A
Sidewalks (miles)	35	33	33	29	28	27	27	25	25	8
Parks and Recreation										
Acreage	532	486	486	486	486	486	486	486	486	486
Playgrounds	4	4	4	4	4	4	4	4	4	4
Baseball/softball diamonds	23	23	23	19	19	19	19	19	15	15
Soccer/football fields	8	8	8	8	8	8	8	8	8	8
Community centers	2	2	2	2	2	2	2	2	2	2
Volleyball Courts	4	4	4	4	4	4	4	4	4	4
Basketball Courts	6	6	6	4	4	4	4	4	4	4
Picnic Shelters	13	13	13	13	13	11	11	11	11	11
Tennis Courts	6	6	6	9	9	9	9	9	9	9
Horseshoe Pits	9	9	9	9	9	9	9	9	9	9
Fishing Piers	2	2	2	2	2	2	2	2	2	2
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Walking Trail (miles)	4	4	4	3	3	3	1	1	1	1
Disc Golf (holes)	18	18	18	18	18	18	18	18	18	18
Model Airplane Strip	1	1	1	1	1	1	1	1	1	1
Skate Park	1	1	1							
Environmental Services										
Refuse Trucks	16	15	13	13	N/A	N/A	N/A	N/A	N/A	N/A
Mobile Toters	11,529	11,221	10,786	10,467	N/A	N/A	N/A	N/A	N/A	N/A
Water										
Water mains (miles)	335	333	325	319	218	213	209	206	202	189
Fire hydrants	1,828	1,802	1,760	1,715	1,610	1,460	1,400	1,350	1,300	1,236
Storage capacity (thousands of gallons)	13,000	13,000	13,000	13,000	8,000	8,000	8,000	8,000	8,000	8,000
Percent of Water Loss in System	22	12	7	4	6	9	6	8	9	8
Sewer										
Sewer mains (miles)	217	216	196	327	178	171	165	163	157	153
Pump Stations	37	37	37	32	33	31	29	26	24	22
Electric										
Natural Gas										
Gas lines (miles)	355	350	338	328	313	305	300	345	335	315
Golf										
Acres	136	136	136	136	136	136	136	136	136	136
Holes	18	18	18	18	18	18	18	18	18	18
Driving Range	1	1	1	1	1	1	1	1	1	1

Sources: Various city departments

Note: No capital asset indicators are available for the general government.

Internal Control and Compliance

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable City Council and Mayor
City of Gallatin, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Gallatin, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise the City of Gallatin, Tennessee's basic financial statements and have issued our report thereon dated February 10, 2010. Our report includes a reference to other auditors... We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Gallatin Department of Electricity ("Electric Fund"), as described in our report on the City of Gallatin, Tennessee's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Gallatin, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gallatin, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Gallatin, Tennessee's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal

control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-1, 09-2 and 09-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gallatin, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are in the accompanying schedule of findings and questioned costs as items 09-4 and 09-5.

We also noted certain additional matters that we reported to management of City of Gallatin, Tennessee, in a separate letter dated February 10, 2010.

The City of Gallatin, Tennessee's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Gallatin, Tennessee's response and, accordingly, we express no opinion on it.

Findings reported in the previous year 08-1 (audit adjustments) and 08-3 (cash collections) have been modified and/or repeated in the accompanying schedule of findings and questioned costs. Findings 08-2 (bank reconciliation) and 08-4 (budget violations) have been corrected.

This report is intended solely for the information and use of the State of Tennessee, Comptroller of the Treasury's office, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

February 10, 2010

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Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control Over Compliance Performed in Accordance with OMB Circular A-133

To the Honorable Mayor
and the Members of the City Council
Gallatin, Tennessee

Compliance

We have audited the compliance of the City of Gallatin, Tennessee, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Gallatin, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Gallatin, Tennessee's management. Our responsibility is to express an opinion on the City of Gallatin, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Gallatin, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Gallatin, Tennessee's compliance with those requirements.

In our opinion, the City of Gallatin, Tennessee, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Gallatin, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Gallatin, Tennessee's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Gallatin, Tennessee's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-1, 09-2 and 09-3 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 09-1, 09-2 and 09-3 to be material weaknesses.

The City of Gallatin, Tennessee's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Gallatin, Tennessee's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management, the State of Tennessee, Division of Municipal Audit and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Parker, Parker & Associates

February 10, 2010

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CITY OF GALLATIN, TENNESSEE Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2009

Department of Transportation, Federal Highway Administration – CFDA 20.205

- No prior year findings were identified.

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CITY OF GALLATIN, TENNESSEE Schedule of Findings, Questioned Costs and Responses For the Year Ended June 30, 2009

Summary of Auditors' Results

- The auditors' report expresses an unqualified opinion on the financial statements of the City of Gallatin, Tennessee.
- Three material weaknesses were identified during the audit of the financial statements.
- Two instances of noncompliance material to the financial statements of the City of Gallatin, Tennessee were disclosed during the audit.
- Three material weaknesses were identified during the audit of the major federal award programs.
- The auditors' report on compliance for the major federal award programs for the City of Gallatin, Tennessee expresses an unqualified opinion on all major federal programs.
- Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
- The programs tested as major programs included: Department of Transportation, Federal Highway Administration CFDA No. 20.205.
- The threshold for distinguishing Types A and B programs was \$300,000.
- The City of Gallatin, Tennessee did not qualify as a low-risk auditee.

Findings- Financial Statements Audit – Internal Control

09-1. **AUDIT ADJUSTMENTS** (*modified and repeated from 08-1.*)

Criteria: A good system of internal control is part of generally accepted accounting principles.

Condition: The city maintains the books throughout the year on a modified-cash basis and then adjustments are made during the audit to convert from modified to full accrual. Identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity's internal control is a deficiency in internal control even if management subsequently corrects the misstatement. During the audit, we proposed 29 entries to the modified-cash basis for governmental funds and full accrual basis for enterprise funds for a total net income effect of \$13,894,221. For the conversion from modified-cash to full accrual basis for the government-wide financial statements, we proposed eight entries for a total net income effect of \$4,219,479.

Questioned Costs: \$13,894,221

Context: Identified as part of our audit fieldwork.

Effect: Material Weakness in internal control.

Cause: Books were not adjusted during final year-end closing process. Of the \$13,894,221 above, approximately \$13,807,547 was related to construction of the wastewater treatment plant accounted for in a major capital projects fund.

Recommendation: Management should review the adjustments made during the audit to determine what entries should be recorded during the fiscal year prior to beginning the annual audit. Most of these entries could be determined by management prior to the audit and recorded as estimates within a material amount.

Views of Management and planned corrective action: Management will make every effort to post year-end entries prior to the beginning of the audit process.

09-2. SEGREGATION OF DUTIES – CASH RECEIPTS

Criteria: A good system of internal control is part of generally accepted accounting principles.

Condition: Duties related to cash receipts are not adequately segregated. All cash receipts collected at city hall are receipted by the various departments to the customer and recorded in various department sub ledgers that are not integrated with the City's general ledger. The cash and supporting documentation is then forwarded to an individual in the finance department who prepares the deposit slip and bank bag and records all cash receipts in the general ledger. Because the volume of transactions is material to the city's financial statements, this represents a material weakness. No information is returned to the various departments to ensure the amount forwarded to finance equals the amount deposited in the bank and recorded in the general ledger. During our testing of cash receipts, we noted it was difficult to retrace the composition of deposits provided by various departments to the deposit slips and supporting documentation maintained by finance and recorded in the general ledger (see 09-4 below).

Questioned Costs: all city hall cash receipts. Amount unknown.

Context: Identified as part of our audit planning process.

Effect: Material Weaknesses in internal control.

Cause: Lack of segregation of duties over city hall cash receipts.

Recommendation: The cash receipts process should be reviewed by management. The process and individuals involved in the process should be segregated to ensure there is proper segregation of duties. The finance department should consider shifting duties between personnel to eliminate the weakness or having the various departments to reconcile the cash deposited and amount recorded in the general ledger daily to their original documentation forwarded to finance.

Views of Management and planned corrective action: Management plans to take advantage of the recently purchased financial software, which will allow the Recorder's office access to the general ledger. The Recorder's office will enter transactions into the g/l and the finance department will prepare the bank deposits to keep duties segregated. Until such time as the Recorder's office has been trained on entering transactions into the software, a second finance department employee reviews Recorder's office reports and validated bank deposit slips to ensure correctness.

09-3. GRANT TRACKING/REPORTING SYSTEM (modified and repeated from 08-6)

Criteria: A good system of internal control is part of generally accepted accounting principles.

Condition: The city participates in a material amount of grant activity with various federal and state agencies. Multiple departments within the city apply for, monitor and report to various grantor agencies annually. Each department has unique expertise to oversee grant activity for their various functions. This process seems to be working effectively for the City.

There is presently no central reporting repository for all grant activity to produce the state and federally required Schedule of Expenditures of Federal and State Assistance and to reconcile that schedule to the cash receipts and disbursements recorded in the general ledger. As a result, the Schedule has historically been prepared during the audit. This is a deficiency in internal control. For the year ended June 30, 2009, the city expended more than \$500,000 in federal funds which required additional auditing and reporting requirements. Because the city had not prepared the Schedule of Expenditures of Federal and State Assistance, this fact was unknown until several months after year-end. When the schedule was prepared, as part of the audit, adjustments were made to the general ledger in the amount of \$394,502 for modified-cash basis and an additional \$450,787 for full accrual (See finding 09-1 above).

Questioned Costs: \$394,502 for modified-cash basis and an additional \$450,787 for full accrual

Context: Identified as part of our audit fieldwork.

Effect: Material Weaknesses in internal control.

Cause: No centralized tracking system for grant reporting.

Recommendation: The city should implement a process of grant tracking and reporting where a centralized position collects the information for cash receipts, disbursements and grants receivable/payable from the various departments and produces the Schedule of Expenditures of Federal and State Assistance. The schedule should be reconciled to the general ledger at least annually. We further recommend examining the chart of accounts to determine if separate expenditures accounts should be used for grantor funds versus matching funds. This might make reconciliation to the general ledger less time-consuming.

Views of Management and planned corrective action: Management is discussing options for tracking grants and will assign the duty and implement a program for centralized grant tracking and reporting.

Findings- Financial Statements Audit – Compliance

09-4. CASH DEPOSITS *(repeated and modified from 08-2)*

Criteria: According to Title 5, Chapter 10, Section 1 of the Internal Control and Compliance Manual for Tennessee Municipalities, municipal officials should ensure that collections are deposited daily, if possible, but no more than three business days after the initial collection, as required by state law.

Condition: Within our audit sample of 41 daily cash transactions, we noted four occurrences that funds were received at various city offices and were not deposited within the three-day requirement. All violations identified occurred within the codes department. One of the four violations noted was deposited 35 days after the initial receipt indicated on supporting documentation.

Questioned Costs: \$16,190 total deposits for the 4 occurrences

Context: Identified as part of our audit sampling.

Effect: Not in compliance with state law.

Cause: Deposits were not being made daily.

Recommendation: We recommend that the City bring all departments collecting cash into compliance with state regulations.

Views of Management and planned corrective action: All City Hall offices now receipt monies through the Recorder's office as citizens make payments for various services/fees/permits. Daily deposits are made by the Recorder.

09-5. COMPETITIVE BIDDING *(modified and repeated from 08-9)*

Criteria: According to Title 5, Chapter 17 of the Internal Control and Compliance Manual for Tennessee Municipalities, the city is required to comply with state law regarding competitive bidding practices and recordkeeping.

Condition: Within our audit sample of 139 expenditure transactions, we noted eleven occurrences where competitive bidding should have occurred. We were unable to review supporting documentation of bids for the eleven transactions. In addition, we noted instances where vendors were using old bids for work performed in the current year. We also noted that not all bids are opened at a central location using standard procedures. Procedures and recordkeeping vary by the department requesting the bid.

Questioned Costs: 355,948 (total of expenditures for eleven occurrences)

Context: Identified as part of our audit planning and internal control testing process.

Effect: Not in compliance with state law.

Cause: Purchasing is not centralized and the state requirements are not routinely monitored by one central office. The city did hire a purchasing manager subsequent to year-end.

Recommendation: We recommend the city review the manual and make revisions where necessary in policies and procedures to comply with all applicable parts of the manual. The city now has a purchasing manager in place to assist with this process.

Views of Management and planned corrective action: The City has hired a Purchasing Agent that is assisting departments with formal bids and bid openings. Departments have been reminded of bidding requirements. The finance department is reviewing procedures for the AIP clerk when adequate bid information is not attached to a pay request.

Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major program - Department of Transportation CFDA No. 20.205

Findings 09-1 thru 09-3 have not been repeated below.

Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - Department of Transportation CFDA No. 20.205

None identified.

Parker, Parker & Associates

February 10, 2010

CITY of GALLATIN

Tennessee 37066-3289



CITY OF GALLATIN, TENNESSEE Corrective Action Plan For the year ended June 30, 2009

IN REPLY REFER TO:

February 10, 2010

Department of Transportation, Federal Highway Administration

The City of Gallatin, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2009.

Audit Firm: Parker, Parker & Associates, PLC
1000 Northchase Drive, Suite 260
Gallatin, TN 37072

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings: Financial Statement Audit – Internal Control

09-1. Audit Adjustments

Finding: Material audit adjustments were proposed during the audit.

Corrective Action Plan. Management will make every effort to post year-end entries prior to the beginning of the audit process.

Target Date for Completion: 6/30/2010

09-2. Segregation of Duties

Finding: Duties related to cash receipts are not adequately segregated

Corrective Action Plan. Management plans to take advantage of the recently purchased financial software, which will allow the Recorder's office access to the general ledger. The Recorder's office will enter transactions into the g/l and the finance department will prepare the bank deposits to keep duties segregated. Until such time as the Recorder's office has been trained on entering transactions into the software, a second finance department employee reviews Recorder's office reports and validated bank deposit slips to ensure correctness.

Target Date for Completion: 6/30/2010

09-3. Grant Tracking/Reporting System

Finding: There is presently no central reporting repository for all grant activity to produce the state and federally required Schedule of Expenditures of Federal and State Assistance and to reconcile that schedule to the cash receipts and disbursements recorded in the general ledger.

Corrective Action Plan. Management is discussing options for tracking grants and will assign the duty and implement a program for centralized grant tracking and reporting.

Target Date for Completion: 6/30/2010

Findings: Financial Statement Audit – Compliance

09-4. Cash Deposits

Finding: Within our audit sample of 41 daily cash transactions, we noted four occurrences that funds were received at various city offices and were not deposited within the three-day requirement. All violations identified occurred within the codes department. One of the four violations noted was deposited 35 days after the initial receipt indicated on supporting documentation.

Corrective Action Plan: All City Hall offices now receipt monies through the Recorder's office as citizens make payments for various services/fees/permits. Daily deposits are made by the Recorder.

Target Date for Completion: 6/30/2010

09-5. Competitive Bidding

Finding: Within our audit sample of 139 expenditure transactions, we noted eleven occurrences where competitive bidding should have occurred. We were unable to review supporting documentation of bids for the eleven transactions. In addition, we noted instances where vendors were using old bids for work performed in the current year. We also noted that not all bids are opened at a central location using standard procedures. Procedures and recordkeeping vary by the department requesting the bid.

Corrective Action Plan: The City has hired a Purchasing Agent that is assisting departments with formal bids and bid openings. Departments have been reminded of bidding requirements. The finance department is reviewing procedures for the A/P clerk when adequate bid information is not attached to a pay request.

Target Date for Completion: 6/30/2010

Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major program - Department of Transportation, Federal Highway Administration CFDA No. 20.205

09-1. thru 09-3 have not been repeated below.

Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - Department of Transportation, Federal Highway Administration CFDA No. 20.205

None noted.

If the Department of Transportation, Federal Highway Administration has questions regarding this plan, please contact Mrs. Rachel Nichols at 615-451-5963.

Sincerely,

Rachel Nichols

Director of Finance